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ABSTRACT

This report examines the financial needs of Arkansas families, and establishes, using conservative economic assumptions, an annual Family Income Standard (FIS) for the state and each of its counties. The FIS is a new tool to be used by citizens, state and local policy makers, civic organizations, non-profits, and parents as they look to improve the economic well-being of their communities. The components of the standard include the essential living expenses of families with children, such as: (1) child care; (2) food; (3) housing and utilities; (4) transportation; (5) health care; (6) clothing and miscellaneous items; and (7) taxes. Because the standard reflects the resources needed to support a family with children without outside assistance, it does not include public assistance such as food stamps, Transitional Employment Assistance, subsidized child care or housing, or subsidized health care such as Medicaid. To develop estimates of the FIS for Arkansas, a modified version of the approach popularized by Wider Opportunities for Women was used. The 1999 Arkansas FIS reveals that families require an income close to 200 percent of the current federal poverty level to meet basic daily living needs. The standard is $18,805 annually for a one-parent family with one child (assumed to be under age 6), $22,372 for a two-parent family with one child, $24,833 for a one-parent family with two children, and $28,541 for a two-parent family with two children. (The report includes numerous tables and figures.) (EV)

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Making it *Day-to-Day*

A *Family Income* Standard for Arkansas

PS 026024

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By Arkansas Advocates for Children & Families

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Making it *Day-to-Day*

A

Family Income **Standard for Arkansas**

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Making in Day-to-Day: A New Family Income Standard for Arkansas
By Rich Huddleston, Research Director, Arkansas Advocates for Children & Families

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INTRODUCTION

What does it take for a family in Arkansas to make it day-to-day? What is the real cost-of-living standard for Arkansas families: not a national estimate, but a reliable and reasonable measure of the annual income that families require to adequately provide for their children? This report is a careful and considered examination of the financial needs of Arkansas families. It establishes, using very conservative economic assumptions, an annual Family Income Standard (FIS) for the state and each of its counties.

The Family Income Standard is a new tool to be used by citizens, state and local policy makers, civic organizations, coalitions, non-profits and parents as they look to improve the economic well being of their communities and their citizens. The FIS should be used to foster discussions and decisions that recognize the struggles low wage-earning working families have in providing for the basic needs of their children. Today's leaders cannot fully understand the promise of Arkansas' future if they are not familiar with what children and their families need to succeed. A state that fails to recognize the financial realities faced by children and families will not thrive and cannot compete in the global economy. Ultimately, any state will incur tremendous costs in paying for the long-term consequences of families unable to adequately provide for their children.

The 1999 Arkansas Family Income Standard reveals that families require an income close to 200 percent of the current federal poverty level to meet basic daily living needs. This confirms what leading economists have predicted about the inadequacies of the current federal poverty level as a measure of sustenance for today's families. This study examines factors that impact all Arkansas' families, and therefore recognizes the disparities among individual families that must struggle to make ends meet. Indeed, many established societal institutions are beginning to acknowledge the economic realities facing low income Arkansas families. Banks, for example, are changing lending practices so that more low-income families can buy their own homes. New state programs, such as ARKids First, are helping low-income families buy health insurance for their children. Even the controversial school voucher programs recognize that families with incomes under 200 percent of poverty need help to offer their children private education.

Arkansas Advocates for Children & Families, which has developed the Arkansas Family Income Standard, is a 22-year-old, non-profit, child advocacy organization that works to improve opportunities so all the state's children can grow up successfully. At the heart of AACF's work is the belief that for a state to strive and grow, its children must strive and grow. Essential to a child's success is his family's ability to adequately provide shelter, food, clothing and health care. It also means ensuring that children are cared for when their parents work, and that parents have sufficient resources to pay for work-related expenses necessary to stay employed.

Arkansas Advocates annually releases statistical reports on the outcomes of children, such as those born at low birth-weight or those who drop out of school. Such things as foster care, school drop-outs and juvenile violence have been studied by the organization. Arkansas Advocates unbiasedly reports on various issues that impact or deter children from achieving positive life outcomes. The new FIS is the culmination of more than two years of research to establish a reasonable measure for estimating the costs of a family's day-to-day existence.

THE FEDERAL POVERTY MEASURE

Historically, the federal poverty line has been used, both implicitly and explicitly, as the cost-of-living standard for America's families. It is used to distinguish families that have the resources necessary for a basic standard of living from those that do not. The federal poverty line was originally developed by Mollie Orshansky, an economist with the Social Security Administration, in the early 1960s. She developed a set of poverty thresholds that varied by family size and type of family, i.e., two parent versus single parent. The original poverty line was based on the cost of a minimum adequate diet (the thrifty food plan, the least expensive of four food plans developed by USDA in 1961), multiplied by a factor of three to allow for other living expenses. The 1963 threshold for a family of two adults and two children was about $3,100. A family's poverty status is determined by comparing its resources (defined as annual cash income before taxes) against the appropriate threshold for that family. The poverty thresholds, updated annually for inflation, are issued by the Census Bureau and are used for calculating the number of persons in poverty at the state and national levels. The current thresholds (1998) for a family with related children are as follows:

One adult and one child	$11,235
Two adults with one child	$13,120
One adult with two children	$13,133
Two adults with two children	$16,530.

The poverty *thresholds* should not be confused with the now more widely known poverty *guidelines*. Unlike the thresholds, which are used to count the number of people in poverty each year, the guidelines are used for determining program eligibility for a wide range of federal and state programs. The guidelines, issued by the Department of Health and Human Services (HHS), are a simplified, administrative version of the poverty thresholds. The current poverty guidelines (1999) are as follows:

Family of 2	$11,060
Family of 3	$13,880
Family of 4	$16,700.

There is now legitimate and growing concern about the cost of living standard for families. In a widely read and influential study in 1995 by a panel of the American Academy of Sciences, the federal poverty line was criticized because it:[1]

- does not take into account the cost of working and earning income, such as child care and transportation, when calculating the net income available to working families;
- disregards geographical differences in the cost of living, especially the cost of housing, in determining a family's financial needs;
- does not account for tax payments such as payroll and income taxes, when measuring family income;
- has never been updated to account for the changing purchasing habits of U.S. households. Food expenditures, for example, consumed one-third of family incomes in the 1950s, but now account for as little as one-seventh. Housing and other costs now consume a larger proportion of household expenditures than was true years ago;
- ignores differences in health insurance coverage and medical insurance needs in determining family income and consumption needs;
- excludes in-kind benefits (such as food stamps and housing assistance) when counting family income.

Another report by Wider Opportunities for Women (WOW), a policy research and advocacy group, criticized the federal poverty measure on several grounds, including:[2]

- *Demographic Changes and the Increased Need for Child Care*. As originally designed, the poverty measure did not anticipate the dramatic increase in families headed by single mothers. An implicit assumption of the original measure was that most poor families would include a non-working wife who would provide child care and cook meals requiring substantial preparation time. The majority of

poor families today are headed by working single mothers who require child care. The original poverty measure did not take the cost of child care into account, a cost that now consumes a substantial part of the income of many single mothers (and two-parent families, for that matter).

- *Changes in Families' Daily Living Requirements.* In addition to child care, the daily requirements for families have changed in other ways as well. Changing behavior patterns, as well as changes in technology, have altered the definition of basic needs. Telephones, for example, are now considered by many to be a essential to daily living. Transportation is also a more predictable expectation for holding a job. Rising consumer and citizen expectations also have increased demands for public services as well. In turn, these demands have increased the need for revenue to fund government services. When the original poverty thresholds were designed, few low-income families paid taxes. Low-income families must now pay a higher proportion of their income in certain taxes, such as higher sales taxes and payroll taxes, thus creating a new need that must be accounted for in family budgets.

Because of these concerns, WOW and other advocacy groups have argued that the federal poverty line no longer corresponds with what families require to meet their daily living needs. This belief is supported by various public opinion polls, such as Gallup, which since 1966 have found that people perceive poverty to be at a standard higher than the official federal poverty threshold.[3]

STATE-LEVEL COST-OF-LIVING STUDIES

Dissatisfaction with the federal poverty line as a cost of living standard is nothing new. There have been numerous attempts to develop state-level self-sufficiency standards as an alternative to the federal poverty line (see Table 1). In 1981, for example, the National Social Science and Law Center (NSSLC) conducted a cost of living study for the State of New Jersey.[4] A year later, the NSSLC published a two-hundred page guide to conducting a cost-of-living study.[5] Until the 1990s, the primary motive for conducting such studies was to develop a need standard upon which to base state AFDC benefit levels. A 1992 report by the Center on Budget and Policy Priorities, *Enough to Live On: Setting an Appropriate AFDC Need Standard*, summarized the various approaches used by states to develop AFDC need standards.[6] More recently, state-level organizations have supported the development of state-specific standards to build support for broader policies that support a much larger population of working poor families.

A number of these state-level studies have already have resulted in important policy changes. In Minnesota, for example, the Department of Trade and Economic Development cited a livable wage study by the JOBS NOW Coalition as the basis for revising the department's standards and practices. Also in that state, the Minnesota Jobs Skills Partnership has focused its efforts on employer partnerships involving jobs paying livable wages. In other states, the development of self-sufficiency standards has led to the adoption of important legislation promoting micro-enterprise development, welfare reform policies that enhance the ability of client to achieve economic self-sufficiency, and changes in local and regional job training initiatives to promote the employability of low-income families.[7]

The importance of more accurate state and county-level self-sufficiency standards is likely to grow in the future. Nowhere is this more evident than in the area of workforce development. In interim final rules for the Workforce Investment Act, the U.S. Department of Labor recently mandated that "that State Boards or Local Boards must set the criteria for determining whether employment leads to self-sufficiency."[8]

Alternatives to the Federal Poverty Measure. A popular alternative to the federal poverty line has been the use of expert budgets, which typically involve the development of standards for a large number of goods and services (e.g., food, clothing, housing, etc.) with a small percentage reserved for "miscellaneous" or other items.[9] Such standards are "expert" in the sense that subjective

Table 1: Selected State Cost-of-Living Studies

State	Year	Organization
California	1997	Equal Rights Advocates*
Kentucky	1996	Kentucky Youth Advocates
Illinois (Chicago Region)	1995	Working Poor Project (Chicago Urban League)
Iowa	1997	Iowa Workforce Development*
Maryland (Montgomery and Prince counties)	1997	Wider Opportunities for Women
Massachusetts	1997	Massachusetts Kids Count
Michigan	1998	Michigan League for Human Services
Minnesota	1995	JOBS NOW Coalition
Nebraska	1998	Nebraska Appleseed Center
North Carolina	1997	NC Equity*
North Dakota	1998	ND State Univ. Extension Service.
Oregon	1993	Oregon Dept. of Human Services
Pennsylvania	1998	Pennsylvania Kids Count* and Women's Assoc. for Women's Alternatives
Rural South	1998	Southern Rural Development Center
Texas	1997	Houston READ Commission*
Vermont	1997	Vermont Peace and Justice Center
Virginia (Alexandria, Arlington and Fairfax)	1997	Wider Opportunities for Women*
Washington	1996	The Children's Alliance and Fiscal Policy Center, Univ. of Wash.

* Completed by Wider Opportunities for Women

judgments must be made, presumably by experts, about which items, and at what level, should be included in the standard. In the past, some states have used local market basket surveys to develop estimates of these standards. Local market basket surveys, however, are time consuming (a good study often takes 12-15 months to complete), expensive, and rarely updated after the initial study has been completed.[10]

In recent years, modified versions of the "expert budget" methodology have been used by various state-level organizations to develop new cost of living standards. One approach in particular, developed by Wider Opportunities for Women, has been widely used (see Table 1). The WOW approach differs from the official poverty measure in three ways:

- the age and number of children are taken into account for cost calculations for child care, health care, and food;
- geographic differences, especially for housing, child care, and state taxes, are incorporated into the standards; and
- adults are assumed to be working and thus require money for work-related expenses such as child care and transportation.

METHODOLOGY

The Family Income Standard

For the purposes of this study, the Family Income Standard is defined as the amount of money needed for a family with children to meet its ongoing, basic daily living needs without assistance from governmental agencies or private charities. The components of the standard includes the essential living expenses of families with children, such as (1) child care, (2) food, (3) housing and utilities, (4) transportation, (5) health care, (6) clothing and miscellaneous items, and (7) taxes.

Because the standard reflects the resources needed to support a family with children without outside assistance, it does not include public assistance such as food stamps, Transitional Employment Assistance (TEA, formerly AFDC), subsidized child care or housing, or subsidized health care such as Medicaid.

To develop estimates of the FIS for the state of Arkansas and each of its 75 counties, this study uses a modified version of the approach popularized by Wider Opportunities for Women (WOW). The WOW approach was chosen for several reasons. First, it is an approach that has been used successfully in other states. Secondly, much of the data used in this approach, especially that for housing, child care, and local state taxes, is readily available at the county level. Thirdly, the WOW approach has the advantage of simplicity. Once the initial model is developed, it can be updated annually with relative ease.

In this study, the standard is developed for four different family types and sizes

One-parent (mother) families with one child
Two-parent families with one child
One-parent families (mother) with two children
Two-parent families with two children.

Several assumptions were made in developing the standard. First, for every family size, the children are assumed to be under 6 years of age. The reason: younger parents are more likely to have younger children and child care is a significant cost for such families. The methodology, however, can easily be adjusted to incorporate children of any age and for larger family sizes. Note that no effort is made to estimate the cost of caring for other family members, such as elderly seniors living with their adult children and grandchildren. Other adjustments in the FIS would have to be made to account for this scenario. Secondly, all parents in both single and two-parent families are assumed to be working. Because of the dramatic increase in the number of two wage-earner families over the last two decades, we felt this was the most realistic scenario. Thirdly, all families are assumed not to be self-employed. The standard, especially the tax component, would have to modified to account for families who are self-employed. Finally, all families are presumed to be working in jobs in which all income is reported and no income is received "off the books" for tax purposes.

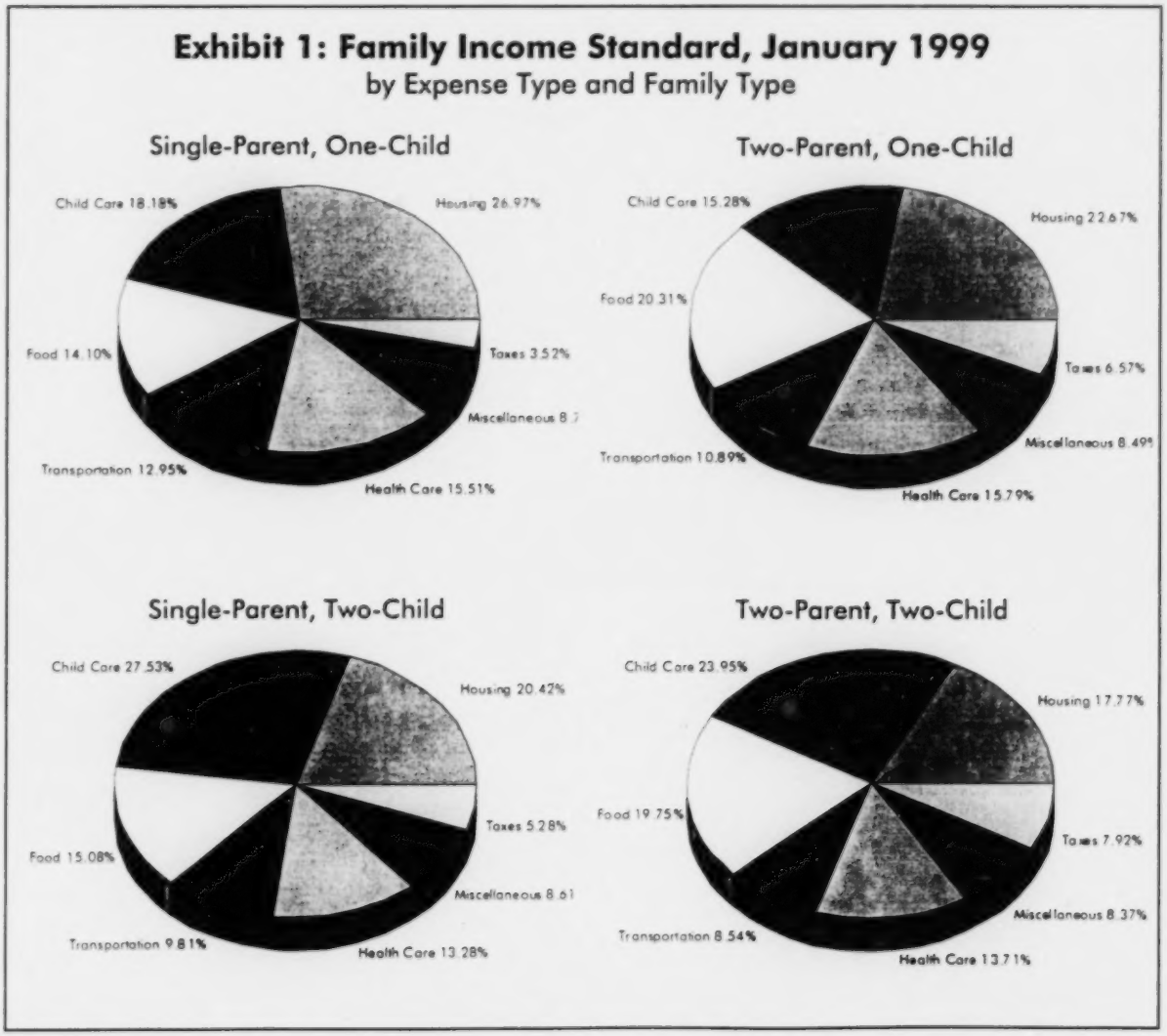
For each of the cost components included in the standard, we first provide "background" information about how costs estimates were determined. We then provide cost estimates of each component and determine its share of the total standard.

Child Care

Background. Child care costs were calculated using Arkansas' market rate survey.[11] The survey is conducted annually, on a county-by-county basis, by the Division of Child Care and Early Childhood Education, a unit of the Arkansas Department of Human Services. The survey estimates the cost of purchasing child care in 75 percent of the local market, a level that would enable a family to purchase care at all but the most expensive 25 percent of local providers. The market rate survey differentiates by the type of care (e.g., pre-school center-based care, licensed day care family home, relative or family member care, etc.), the age of the child, the time of day (weekend care, night care, full-day weekend care, etc). For the purposes of this study, estimates of the most typical type of child care in Arkansas – full-time, weekday, pre-school center based care at the 75th percentile– were used to approximate county child care costs.

Costs. Statewide, child care costs at the 75 percentile average $3,418 annually for families with one child and $6,837 for a family with two children. Child care costs consume about 18 percent of the self-sufficiency standard for single-parent families with one child, 15 percent for two-parent families with one child, 27 percent of the standard for single-parent families with two

Exhibit 1: Family Income Standard, January 1999
by Expense Type and Family Type



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children, and 24 percent of the standard for two-parent families with two children.

Food

Background. Previous self-sufficiency studies have assumed that food costs, unlike the cost of child care, have little variation across geographic areas. To be sure, the cost of *some food* items almost assuredly vary across states. The cost of cheese and milk, for example, is likely to be lower in Wisconsin, while the cost of oranges is likely to be lower in California or Florida. Some studies have also found that because of the lack of store competition, families in inner cities or more isolated rural areas may pay higher food costs. While there is little systematic evidence that food costs vary significantly within states, it is an assumption that doesn't make intuitive sense to most of us. The assumption that food costs do not vary with location violates economic principles of the shipping and distribution of consumer items: areas that are drop-off or pick-up points on distribution networks are likely to face lower costs than more isolated areas. Examples where this is likely to be true in Arkansas are cities such as West Memphis that are on or near distribution hubs having lower prices, while others such as Mountain View do not.

There are no studies that point to significant differences within the same state, nor are there any systematic data sources that allow us to identify such differences. As part of this study, we contacted several of the major grocery store chains and requested information on the prices charged by individual stores for the same items. They were either unwilling or unable to share this data.

Since county-specific data on food costs is unavailable, this study relies on data from the U.S. Department of Agriculture (USDA). USDA's Low-Cost Food Plan, a modified version of the Thrifty Food Plan, was chosen to reflect the cost of a minimally-adequate diet. The Thrifty Food Plan was originally developed over forty years ago as the basis for the federal poverty threshold and is currently the food plan on which food stamp payments are based. However, a study by the USDA found that less than 10 percent of families who spend at the level of the Thrifty Food plan have nutritionally adequate diets. Therefore, the Low-Cost Food Plan was selected because of the unrealistically low nutritional standard set by the Thrifty Food Plan. Under the Low-Cost Food Plan, which costs about 25 percent more per person, at least 30 percent of families are able to achieve nutritionally-adequate diets. Notice that even under the Low-Cost Food Plan, 70 percent of families are unlikely to achieve a nutritionally-adequate diet. Despite this, the Low-Cost Food Plan was chosen as the standard because the adoption of a higher standard (such as USDA's Moderate-Cost Plan) would likely impose a standard that is unacceptable to policymakers.

The Low-Cost Food Plan does have different standards depending on the age and sex of family members. The current monthly cost of the Low-Cost Food Plan for a couple with two children ages 1-2 years and 3-5 years is $463.

Costs. Food costs average annually $2,652 for a single-parent family with one child, $4,544 for a two-parent family with one child, $3,744 for a single-parent family with two children, and $5,636 for a two-parent family with two children. Food costs comprise 14 percent of the standard for single-parent families with one child; 20 percent of the standard for two-parent families with one child; 15 percent for single-parent families with two children, and 20 percent for two-parent, two-child families.

Housing and Utilities

Background. County-level estimates of housing and utility costs (excluding telephone) were obtained from data published annually by the U.S. Department of Housing and Urban Development (HUD). This data is available for every metropolitan area and non-metropolitan county in the state. HUD compiles "Fair Market Rents," estimates of the average monthly cost of housing at each unit size (one-bedroom units, two-bedroom units, etc.). These rent estimates include not only the cost of rent, but also the costs of most utilities such as electricity, water and sewer, gas, etc. (the cost of telephone service is not included in HUD's estimates). HUD defines a fair market rent as the cost of housing at the 40th percentile, i.e., 40 percent of the housing in the local geographic area would be less expensive than this amount, while 60

percent would be more expensive. The 40th percentile is the level at which HUD estimates that the cost of housing provides a minimum standard of adequacy for inhabitants.

A major advantage of the HUD Fair Market Rents is that they are published annually and readily available to researchers. Our own examination of HUD's Fair Market Rents estimates, however, raised doubts as to whether they were in fact adequate to cover both the cost of housing and the costs of utilities (see Appendix 1 for a discussion of this analysis). While our analysis suggested that HUD's Fair Market Rent estimates probably underestimate the amount of money needed to cover both utilities and rental housing, we decided to use HUD's estimates in developing the standard because they are conservative and widely accepted.[12]

The Family Income Standard estimate for housing used here assumes that parents and children do not share a room, and no more than two children share a room. A family with one or two children is assumed to need a two-bedroom unit, while a family with three children is assumed to need a three-bedroom unit (one for the parents and two bedrooms for the three children).

Costs. Using HUD's Fair Market Rent estimates, housing and utility costs average $5,071 annually for both single-parent family and two-parent families (for both one- and two-child families). Housing and utility costs consume about 27 percent of the FIS for single-parent families with one child, 23 percent of the standard for two-parent families with one child, 20 percent of the standard for single-parent families with two children, and 18 percent of the standard for two-parent, two-child families.

Transportation

Background. Transportation is a key expense for families with working parents. The method used here to calculate transportation costs for this study is similar to that used by Wider Opportunities for Women (WOW) in several ways. First, it assumes that families living in areas without an adequate public transportation system must own cars to get to and from work. Arkansas does not have an extensive public transportation network, nor do any of its cities have public transit systems that adequately meet the needs of their working-poor populations. Therefore, for the purposes of this study, it is assumed that all families must own a car to get to and from work.

Secondly, the cost of owning and operating an automobile includes both (1) monthly variable costs (e.g., gas and oil, tires, maintenance, etc) that depend on the miles driven; and (2) fixed costs (fire, theft, collision, property and liability insurance; registration and taxes; finance charges, etc.) that do not vary by the miles driven. Importantly, *the initial cost of purchasing a car, as well as the cost of any car payment, are not included in the calculation of transportation costs.*

The approach used here differs somewhat from the WOW approach. First, the WOW approach assumes that the miles driven by each car is based on one round-trip to and from work each weekday. Parents with young children are assumed to have "linked" trips in which the children are dropped off and picked up on the way to and from work. The average linked trip assumes an average distance of six miles, a work commute of five miles and an additional one mile to childcare.

While these are logical assumptions for most states, we feel they are not appropriate for Arkansas. The assumption of one round-trip per work day, for example, is too conservative and limiting for most Arkansas families. Arkansas is more rural than most states and its cities have population densities lower than similarly-sized cities elsewhere, thereby resulting in longer travel distance for all purposes. In 1996, for example, the average annual miles traveled per vehicle was almost 42 percent higher in Arkansas than in the rest of the country (average of 17,045 versus 12,028 nationally), while the average vehicle miles driven per licensed driver was 15 percent higher in Arkansas.[13] Moreover, we would argue that the assumption of one linked round-trip per day does not adequately meet the daily living needs of families. In Arkansas, auto transportation is needed to meet other daily living needs that are not work-related, such as grocery shopping, trips to the dentist and health care, travel to and from church, and transportation for children to and from school activities.

In this study, the family's automobile is assumed to travel 10,000 miles annually, thereby allowing for daily linked trips for work and childcare as well as travel to meet other daily living needs. Many automobile manufacturers calculate their warranties on the assumption that car owners will drive 10,000-12,000 annually. The American Automobile Manufacturers' Association, for example, estimates its passenger car operating costs on the basis of a 10,000 mile cycle. We searched extensively for a data source containing county-by -county estimates of average commuting distances, but we were unsuccessful in our efforts (only average commuting times are available from the U.S. Census Bureau). In the absence of county-by-county data, a single statewide estimate of average commuting distance was used.

The approach used here differs from the WOW approach in another respect. Unlike the WOW approach, which assumes that two-parent families own two automobiles, our standard allows for only one family automobile. In theory, we agree with WOW's assumption that many two wage-earner require two cars. In many cases, husbands and wives have to travel in opposite directions to commute to and from work or have different working hours that make using one car for both commutes (as well as any travel for child care pick-ups) impractical, if not impossible. While we agree with this argument, we decided to err on the side of conservatism and include only one family car in the standard. In practical terms, including only one car in the standard underestimates the transportation costs for some two wage-earner families by about $1,600.

The data used to calculate transportation costs is not available at the county level and much of it is not available at the state-level. One exception was state-level data on insurance costs, available from the National Association of Insurance Commissioners (and distributed to the insurance commissioners of most states). Data for other variable and fixed costs were obtained from the American Automobile Manufacturers' Association. This data was adjusted for regional differences by using the Consumer Expenditure Survey.

Costs. Transportation costs average about $2,436 annually for both one parent and two-parent families. Transportation costs consume about 13 percent of the Family Income Standard for a single-parent family with one child, 11 percent of the standard for two-parent families with one child, 10 percent of the standard for single-parent families with two children, and 9 percent of the standard for two-parent, two-child families. An important to note, however, these estimates are very conservative. The cost of purchasing a car, as well as the cost of any monthly car payment is not included in the standard, nor is the cost of a second car for two wage-earner families.

Health Care

Background. Many Arkansas families, especially those employed in low-wage jobs, go without health insurance. Currently, an estimated 21 percent of Arkansas children are without health insurance.[14] Approximately 25 percent of the children in families with incomes from 100 to 200 percent of the federal poverty line, a group popularly known as the "working poor," are without health insurance.[15] The state's recent adoption and expansion of the ARKids First, a program that provides health insurance coverage to children in families with incomes less than 200 percent of poverty, should eventually cover most of the children in working poor families. ARKids First, however, does not provide coverage for uninsured adults.

It is assumed that working families have health insurance coverage provided by their employer. Those that don't are assumed to have coverage provided by some other source such as Medicaid or ARKids First. Although many children do not have health care coverage, most of the uninsured should eventually be covered by ARKids First. Private employers are currently the largest provider of health care coverage for families with children (providing coverage for 51 percent of Arkansas children).[16] Calculation of the health care component of the standard assumes that employers pay nearly two-thirds of the health insurance premium (64 percent), while the employee's share is limited to the remaining one-third of the premium (36 percent) and out-of-pocket medical expenses such as co-pays, deductibles, etc.[17]

This standard assumes that monthly health insurance premiums do not vary by family size (most in fact don't), but do vary by geographic region. State-specific data on health care premiums is available from the annual National Institute for Health Care Management (NIHCM) Health Care System Data Source.[18] According to 1996 NIHCM data, the average monthly cost of a commercial HMO premium in Arkansas was $420. This estimate was updated for inflation using medical consumer price index (CPI) data from the U.S. Bureau of Labor Statistics. The same health care premium estimate was used for all Arkansas counties because no county-level estimates exist and there is no currently-accepted methodology for developing such estimates.

To determine out-of-pocket medical costs, this study followed the WOW approach by using data from the National Medical Expenditure Survey (NMES). NMES data must be updated because the survey was last conducted in 1987. These figures were updated using the medical CPI (consumer price index).

Costs. Health Care costs average $2,916 annually for a single-parent family with one child, $3,532 annually for a two-parent family with two children, $3,297 for a single-parent family with two children, and $3,912 for a two-parent family with two children. Health care costs comprise 16 percent of the standard for single-parent families with one child, 16 percent of the standard for two-parent families with one child, 13 percent for single-parent families with two children, and 14 percent for two-parent, two-child families. Note, however, that this is a conservative estimate because of the assumption that all families have access to some type of health care coverage, either through their employer or some government-assisted program such as ARKids First. While this is a reasonable assumption for the children, the parents in many families many not have access to health care coverage. Their costs would undoubtedly be higher.

Miscellaneous

Background. This category is intended to cover all family expenses not covered in other categories, including clothing, the cost of telephone service, household items, personal hygiene items, non-prescription medicines, school supplies, entertainment, etc. Studies using the WOW approach calculate miscellaneous costs as 10 percent of the costs spent on other components of the standard (i.e., food, housing, etc.). Other studies, such as that by the National Research Council, have proposed setting aside at least 15 percent of other costs for this category for low-income families. Because miscellaneous expenditures are computed as a percentage of expenditures on other items in the standard, they automatically take into account geographic differences from county to county.

Initially, we considered using the 15 percent figure to help compensate for housing and utility estimates (i.e., HUD's Fair Market Rent estimates) that we considered to be too low for many Arkansas counties, especially those in rural areas. Although we experimented with the 15 percent figure, we eventually decided to calculate miscellaneous costs using 10 percent. We chose the 10 percent figure for several reasons. First, the 10 percent figure already had a solid underpinning in other state-level studies. Secondly, without more systematic evidence of the extent to which HUD's Fair Market Rent underestimate housing and utility estimates, we could never be completely sure that 15 percent would contribute to a more accurate overall standard. Finally, because this was the first time the study was to be completed for Arkansas, we decided to use the more conservative 10 percent figure.

Costs. Single-parent, one-child families spend an average of $1,649 annually on clothing and miscellaneous items. Two-parent families with one child average $1900, compared to $2,138 for single-parent, one-child families, and $2,389 for two-parent families with two children. Although miscellaneous costs are calculated as 10 percent of normal daily living costs, this figures falls somewhat once taxes are included as an expense in the living standard. Once taxes are included, miscellaneous costs comprise 8-9 percent of the Family Income Standard for all family sizes.

Taxes and Tax Credits

Background. Taxes are not a traditional daily or monthly living expense as are expenditures on other items such as housing, child care, food, etc.

Nonetheless, taxes must be accounted for as an expense or else they would consume part of the Family Income Standard budgeted for other living expenses such as food, housing, transportation, etc. Taxes thus increase the amount of resources needed for the FIS. Similarly, tax credits represent a reduction in tax liability and must be subtracted from the FIS. Federal and state taxes, as well as federal and state tax credits, are incorporated into the calculation of the Arkansas standard.

Federal Taxes and Tax Credits. Federal payroll taxes and income taxes are included in the FIS. Payroll taxes include both Social Security and Medicare taxes and are calculated as a percentage of total wages. All workers (except those that are self-employed) pay payroll at the same rate regardless of income level.

Federal income taxes are calculated using a formula that takes into account deductions and exemptions based on family size and type of household. Three tax credits that reduce federal income tax liability are allowed for nearly all low-wage families with children. One is the child care credit. The actual amount of the child care credit that may be deducted from income tax liability is limited in several ways. First, it is limited to "qualified" child care expenses: up to $2400 for one child and up to $4800 for two or more children. These amounts are substantially lower than the actual annual cost of child care. Second, only a proportion of qualified child care expenses may be deducted. This proportion, which decreases as income increases, ranges from .30 for incomes $0-10,000 to .20 for incomes over $28,000. The child care tax credit is non-refundable. It can be taken only to the extent that it reduces income tax liability. If the amount of the credit exceeds income tax liability, the difference s not returned to the taxpayer (unlike the Earned Income Tax Credit discussed below).

A second credit that is allowed against federal income tax liability is the child tax credit. This credit went into effect for the first time in federal tax year 1998. The credit is equal to $400 for one child and $800 for two children. The amount of the child credit is limited to the extent that it reduces tax liability after the child care tax credit has been deducted from tax liability. If tax liability is equal to zero after the child care credit has been claimed, no child tax credit may be claimed. Like the child care tax credit, the child tax credit is non-refundable.

A third credit that may be claimed to reduce income tax liability is the Earned Income Tax Credit (EITC). Unlike the child care and child tax credits, the EITC is refundable. If the EITC is greater than income tax liability, the difference is returned to the taxpayer in the form of a refund. In this way, the EITC acts as a wage subsidy for low-income working families. The maximum EITC that may be claimed is $2,271 for families with one child and $3,756 for families with two or more children. The amount of the EITC gradually declines above $12,300 in earned income and is phased out at $26,450 for families with one child and $30,095 for families with two children.

State Taxes and Tax Credits. Two types of state taxes are incorporated into the Family Income Standard. One is the state and local sales tax. The state sales tax is equal to 4.625 percent and the local sales tax varies by local option up to 2.0 percent. Only local sales taxes levied on a county-wide basis were incorporated into the standard. City sales taxes were not incorporated because they often don't extend to everyone in the county. The second state tax incorporated into the standard is the state income tax. Three tax credits against income tax liability are generally available to all families with children. One is the personal credit. The personal credit is equal to $20 per person multiplied by family size. A second credit is the state child care tax credit. The state child care credit is equal to 20 percent of the federal child care credit. Under state law, the state child care credit is refundable for families whose children are in a "quality" approved child care facility. If not in a "quality" approved facility, the credit is non-refundable. Because of the high standards reserved for "quality" approved facilities, only 300 of the state's 3,200 facilities have been certified as meeting "quality" standard (less than 10 percent). Most families are not in a position to claim the state child care credit as a "refundable" credit. Therefore, for the purposes of calculating the standard, the child care credit is assumed to be non-refundable.

Costs. Final tax liability, after accounting for tax credits, varies significantly by family type and income. Single-parent families with one child, for example, have the lowest tax liability of the four family types at $662 annually, compared to $2,147 for two-parent families with one child, $1,310 for single-parent families with two children, and $2,259 for two-parent families with two children. Taxes comprise only 4 percent of the standard for single-parent families with one child, 7 percent of the standard for two-parent families with one child, 5 percent of the standard for single-parent families with two children, and 8 percent for two-parent, two-child families.

Calculating the Family Income Standard

To calculate the FIS for each family size, we added taxes (after adjusting for reductions due to tax credits) to the other living expenses such as child care, housing, health care, transportation, food, and miscellaneous costs. An FIS was calculated for the state and each of its 75 counties, by family size, on an annual basis, a monthly basis, and as an hourly wage.[19] The monthly standard is simply the annual standard divided by 12. The hourly self-sufficiency wage was calculated by dividing the monthly standard by 176 (22 work days per month/8 hour work day).

FAMILY INCOME STANDARD ESTIMATES

State-Level Estimates

State-level estimates of the FIS are presented in Table 2. The standard is $18,805 annually ($1,567 monthly) for a one-parent family with one child, $22,372 annually ($1,864 monthly) for a two-parent family with one child, $24,833 annually ($2,069 monthly) for a one-parent family with two children, and $28,541 annually ($2,378 monthly) for a two-parent family with two children. All FIS estimates are as of January, 1999.

Differences Between Family Types

There are some significant differences in the standard between family types. The reasons for differences in the standard between family types are readily apparent in Table 2. On average, the addition of a second child into the family doubles child care costs, and increases food, health care, and miscellaneous costs, but results in lower tax liability. On average, a two-parent family will have higher costs than a one-parent family with the same number of children because of additional transportation costs (the addition of a second car), higher food, health care, and miscellaneous costs, and higher tax liability.

The annual Family Income Standard is roughly similar for a two-parent family with one child and a single-parent family with two children ($22,372 versus $24,833). The standards for both of these family types are significantly higher than that for one-parent, one-child families. The two-parent, one-child family standard is $3,567 (19 percent) higher than the one-parent, one-child family standard. Similarly, the one-parent, two-child family standard is $6,027 (32 percent) more than that for one-parent, one-child families.

The two-parent, two-child family standard is significantly higher than that for single-parent, one-child families ($28,541 versus $18,805), a difference of $9,736 or 52 percent. The difference between the standard for two-parent, two-child families and that for two-parent, one-child families is not as large, but still significant (a difference of $6,169 or 15 percent).

The FIS vs. Federal Poverty Line

As Table 3 indicates, the FIS for Arkansas is significantly higher than the current federal poverty line.[20] For a single-parent, one-child family, the Arkansas standard is $18,805 versus only $11,235 for the federal poverty line, a difference of $7,570 or 67 percent. At larger family sizes, the difference between the standard and the federal poverty line is even larger. The Arkansas standard for a two-parent, one-child family is nearly twice the federal poverty line ($22,372 versus only $13,120), a difference of $9,252 or 70 percent. Similarly, the Arkansas standard for a two-parent, two-child family is $28,541 versus only $16,530 for the federal poverty line at the same family size, a difference of $12,011 or 73 percent.

These estimates indicate that the federal poverty line is an inadequate measure of economic self-sufficiency for Arkansas' families. Moreover, it also suggests the problem of child poverty in Arkansas is much worse than believed. Current

Table 2: Family Income Standard for Arkansas

	1 Adult; 1 Child	2 Adults; 1 Child	1 Adult; 2 Children	2 Adults; 2 Children
Annual Living Expenses				
Housing	5,071	5,071	5,071	5,071
Child Care	3,418	3,418	6,837	6,837
Food	2,625	4,544	3,744	5,636
Transportation	2,436	2,426	2,436	2,436
Health Care	2,916	3,532	3,297	3,912
Miscellaneous	1,649	1,900	2,138	2,389
Taxes[1]				
Federal Taxes				
Payroll	1,388	1,599	1,799	2,011
Income	971	859	1,376	1,256
Federal Income Tax Credits[2]				
(Child Care)	(600)	(576)	(1,104)	(1,008)
(Child Tax Credit)	(371)	(283)	(272)	(248)
(EITC)	(1,334)	(887)	(1,384)	(804)
State Taxes				
Sales	242	363	331	452
Income	549	597	873	915
State Income Tax Credits[2]				
(Personal Credits)	(40)	(60)	(60)	(80)
(Child Care Credit)	(120)	(115)	(221)	(202)
(Working Taxpayer Credit)	(23)	(26)	(29)	(33)
Family Income Standard				
Annual	18,805	22,372	24,833	28,541
Monthly	1,567	1,864	2,069	2,378
Hourly Wage	8.90	10.59	11.76	13.51

Notes

[1]Taxes represent living expenses, just like child care or housing, that must be included in the Family Income Standard.

[2] Federal and state tax "credits" reduce the amount of taxes owed and therefore reduce annual living expenses. Tax credits are subtracted from annual living expenses and the FIS.

[3]The FIS is derived by adding living expenses, including taxes, and subtracting tax credits.

Table 3: Arkansas FIS vs. Federal Poverty Line

	Federal Poverty Line	FIS	$ Difference	% Difference	FIS as % of Federal Poverty Line
1 Adult & 1 Child	$11,235	$18,805	$7,570	67.4%	167.4%
2 Adults & 1 Child	$13,120	$22,372	$9,252	70.5%	170.5%
1 Adult & 2 Children	$13,133	$24,833	$11,700	89.1%	189.1%
2 Adults & 2 Children	$16,530	$28,541	$12,011	72.7%	172.7%

estimates of child poverty using the traditional federal poverty line place the state's child poverty rate at about 22 percent. Since the Family Income Standard estimates developed here are about 67-90 percent higher than the federal poverty line, it is likely that current poverty estimates significantly underestimate the percentage of Arkansas families who can provide an adequate standard of living for their children without public assistance.

The FIS vs. the Federal Minimum Wage

Figure 5 compares the Family Income Standard hourly wage against the federal minimum wage (note: for two-parent families, the FIS hourly wage is the total hourly wage that collectively must be earned by the two wage earners). At every family size, the FIS hourly wage is significantly higher than the current federal minimum wage of $5.15 per hour.

- The FIS wage for single-parent, one-child families ($8.90) is 73 percent higher than the federal minimum wage;
- For two-parent, one-child families, the FIS hourly wage of $10.59 is 106 percent higher than the minimum wage (note: the $10.59 standard is the total hourly wage that must be earned collectively by the household's wage earners, not $10.59 per wage earner).
- The FIS hourly wage for single-parent, two-child families ($11.76) is 128 percent higher than the federal minimum wage.
- For two-parent, two-child families, the difference between the FIS hourly wage ($13.51) and the federal minimum wage is 162 percent (note: the $13.51 standard is the total hourly wage that must be earned collectively by the household's wage earners, not $13.51 per parent).

The FIS vs. the Wages of Arkansas Workers

Many Arkansas workers currently do not earn an hourly wage high enough to meet the Family Income Standard. The 1997 median hourly wage for Arkansas workers range was $8.59.[21] A median hourly wage of $8.59 indicates that half of Arkansas workers earn greater than $8.59 per hour, while the other half of workers earn an hourly wage below $8.59. As Figure 5 shows, current estimates of hourly median wage tend to be below the self-sufficiency wage for most family types. A median hourly wage of $8.59, for example, is below that of single-parent families with one child ($8.90), less than the self-sufficiency wage for one parent, two-child families ($11.76), less than the self-sufficiency wage for two-parent, one-child families ($10.59), and less than that for two-parent, two-child families ($13.51).

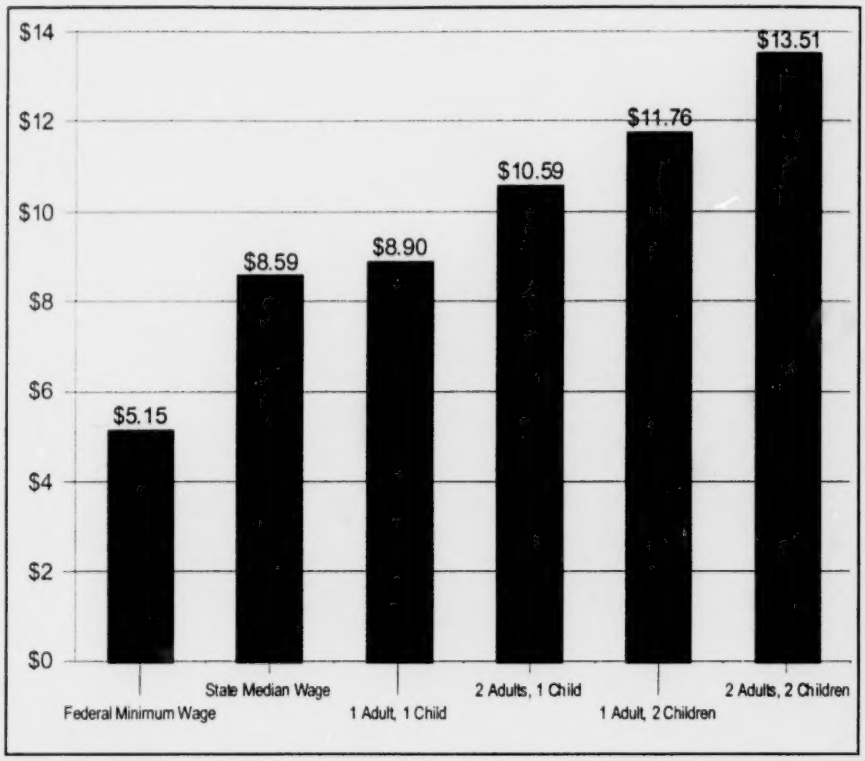
County FIS Estimates

Annual, monthly, and hourly estimates of the Family Income Standard for each county are presented in Tables 4, 5, and 6. As these tables indicate, the total cost of supporting a family with children can, in some cases, vary significantly from county to county. For example:

- For single-parent, one-child families, the annual standard ranges from $16,619 in Clay County to a high of $21,417 in Washington County.

- For two-parent, one-child families, the standard ranges from $20,159 in Clay County to $24,909 in Washington County.
- For single-parent, two-child families, the standard ranges from $21,405 in Clay County to $28,257 in Washington County.
- For two-parent, two-child families, the standard ranges from $25,122 in Clay County to $31,971 in Washington County.

Figure 1: Arkansas FIS vs. Other Standards
by Family Type



Differences in the standard between counties are the result of differences in the four cost components for which county-level data is available: housing costs, child care costs, taxes, and miscellaneous costs (such as clothing, personal care, and household items). In some cases, the cost of one component is much higher in one county compared to another. For example, the annual cost of child care for a family with two children in Marion County is only $6,336, while the cost of child care in Washington County is $8,131. County-level estimates of each of these components, by family type, can be found in Appendix B.

IMPLICATIONS FOR PUBLIC POLICY

This study has important implications for public policy concerning the state's children and families. For the first time, we now have good estimates of how much it costs families to meet their basic living expenses, provide an adequate standard of living for their children, and be economically self-sufficient without public assistance. Although we used a conservative methodology for estimating the cost of a self-sufficiency standard, our resulting estimates suggest a standard that is significantly higher than the federal poverty line currently used to gauge the well-being of Arkansas families. Moreover, when we compare the hourly wage standard to the Arkansas median hourly wage, it is clear that the number of Arkansas families unable to meet all of their essential living expenses (including work-related expenses) without public assistance far exceeds the number of families previously defined as poor under the federal poverty line.

Most of these families are already working. However, full-time employment, especially at a level equal to or even slightly higher than the federal minimum wage, does not guarantee an income that will enable families to be self-sufficient. The state may want to consider public policies targeted to a larger population of working families who, while they may not meet the definition of poor as defined by the federal poverty line, also do not have the resources to provide an adequate standard of living for their children. Using the Family Income Standard, the state could redesign its current support system to better help all families who are working but still poor.[22]

The standard has important implications for the

state's workforce and economic development policies. Many of the state's citizens clearly do not earn a wage high enough to meet the FIS. Using the new standard, state economic development policies should be redesigned to target jobs paying the FIS hourly wage. Similarly, the state should consider workforce development policies that target education and training to develop skills for occupations paying self-sufficiency wages.

The standard also has implications for welfare reform. The standard clearly suggest that as families move off welfare into full-time jobs paying minimum wages, they are unlikely to be able to provide an adequate standard of living for their families in the short term. They will likely require supportive services for several years to help bridge the gap between their incomes and what it cost to meet the FIS. Moreover, given how high the standard is relative to either the federal poverty line or the federal minimum wage, many families leaving welfare are likely to need supportive services for at least several years (probably longer) before they earn wages sufficient to meet the Family Income Standard.

There are many possible public policy uses for a new Arkansas FIS. At a minimum, the standard should be used by policymakers to realistically assess changes in public assistance and other services that impact the major cost components of the standard, including child care, housing, transportation, food, taxes, health care, and other essential living expenses. Using the county-level estimates, eligibility criteria and benefit levels for public assistance programs and services could be revised to better reflect regional cost of living differences and help disadvantaged communities. The standard could be used to redesign state aid program to local governments so that resources are better targeted to more disadvantaged areas facing larger differentials between wages and cost of living standards. Other applications for this data include revising:

- economic policies that indirectly impact the poor, such as state tax policies;
- bank lending practices to help poor applicants and communities;
- economic development policies concerning business recruitment; business relocation decisions and;
- product pricing decisions by local retail outlets.

This new Family Income Standard could be informative for employers whose workforce is composed of young parents. Investing in employee benefits such as subsidies for childcare, transit service and/or health care benefits may reduce absenteeism and turnover while reinforcing employee loyalty and productivity. Local government leaders could utilize the standard to determine the types of housing or expansion of services that might assist their population the best. Finally, future tax policies under consideration by state and local policymakers should be evaluated for their realistic impact on low-income families. As communities grow, attract new industries, and support existing businesses, an increased awareness of the direct impact and required support for local citizens will be more readily available.

Table 4: Annual FIS, January 1999

	1 Adult; 1 Child	2 Adults; 1 Child	1 Adult; 2 Children	2 Adults; 2 Children
Arkansas	17,762	21,335	23,771	27,468
Ashley	16,871	20,441	21,877	25,616
Baxter	18,071	21,636	23,697	27,401
Benton	21,140	24,631	27,741	31,455
Boone	17,412	20,972	22,716	26,433
Bradley	17,391	20,950	22,992	26,695
Calhoun	17,341	20,921	22,951	26,688
Carroll	17,542	21,074	23,328	27,011
Chicot	17,015	20,571	22,206	25,924
Clark	17,476	21,030	23,079	26,777
Clay	16,619	20,159	21,405	25,122
Cleburne	17,205	20,758	22,592	26,309
Cleveland	17,391	20,950	22,992	26,695
Columbia	17,412	20,982	23,021	26,735
Conway	17,734	21,292	23,146	26,850
Craighead	18,006	21,565	23,630	27,328
Crawford	18,233	21,770	24,015	27,696
Crittenden	21,316	24,824	27,631	31,361
Cross	16,640	20,191	21,434	25,161
Dallas	17,391	20,950	22,992	26,695
Desha	17,036	20,603	22,234	25,963
Drew	18,278	21,859	23,928	27,646
Faulkner	20,180	23,615	26,148	29,823
Franklin	17,085	20,626	22,373	26,074
Fulton	17,391	20,950	22,992	26,695
Garland	18,487	22,034	24,517	28,214
Grant	18,170	21,722	24,654	28,340
Greene	17,762	21,335	23,771	27,468
Hempstead	17,046	20,618	22,249	25,983
Hot Spring	17,205	20,758	22,592	26,309
Howard	16,661	20,222	21,462	25,200
Independence	17,046	20,618	22,249	25,983
Izard	16,973	20,508	22,149	25,846
Jackson	17,015	20,571	22,206	25,924
Jefferson	19,332	22,854	25,365	29,072
Johnson	17,949	21,514	24,165	27,863
Lafayette	17,391	20,950	22,992	26,695

Continued

Continued

	1 Adult; 1 Child	2 Adults; 1 Child	1 Adult; 2 Children	2 Adults; 2 Children
Lawrence	17,036	20,603	22,234	25,963
Lee	17,391	20,950	22,992	26,695
Lincoln	17,870	21,429	23,884	27,581
Little River	17,512	21,076	23,122	26,831
Logan	17,584	21,137	23,386	27,090
Lonoke	20,224	23,681	26,207	29,904
Madison	18,498	22,056	25,173	28,886
Marion	17,391	20,950	22,992	26,695
Miller	19,483	22,990	25,516	29,214
Mississippi	18,322	21,898	24,361	28,076
Monroe	16,973	20,508	22,149	25,846
Montgomery	17,762	21,335	23,771	27,468
Nevada	17,205	20,758	22,592	26,309
Newton	17,878	21,437	24,014	27,710
Ouachita	17,370	20,918	22,963	26,656
Perry	17,433	21,014	23,050	26,774
Phillips	17,433	21,014	23,050	26,774
Pike	17,391	20,950	22,992	26,695
Poinsett	17,423	20,998	23,035	26,754
Polk	17,484	21,037	23,192	26,890
Pope	19,058	22,610	25,911	29,608
Prairie	17,391	20,950	22,992	26,695
Pulaski	20,811	24,318	27,302	31,025
Randolph	16,650	20,207	21,448	25,181
St. Francis	17,247	20,821	22,649	26,388
Saline	21,088	24,563	27,814	31,511
Scott	17,163	20,695	22,535	26,230
Searcy	17,762	21,335	23,771	27,468
Sebastian	18,508	22,066	24,546	28,254
Sevier	16,661	20,222	21,462	25,200
Sharp	16,640	20,191	21,434	25,161
Stone	17,205	20,758	22,592	26,309
Union	18,085	21,671	24,123	27,847
Van Buren	17,105	20,658	22,401	26,114
Washington	21,417	24,909	28,257	31,971
White	17,015	20,571	22,206	25,924
Woodruff	16,860	20,423	21,898	25,625
Yell	17,907	21,450	24,107	27,783

Table 5: Monthly FIS, January 1999

	1 Adult; 1 Child	2 Adults; 1 Child	1 Adult; 2 Children	2 Adults; 2 Children
Arkansas	1,480	1,778	1,981	2,289
Ashley	1,406	1,703	1,823	2,135
Baxter	1,506	1,803	1,975	2,283
Benton	1,762	2,053	2,312	2,621
Boone	1,451	1,748	1,893	2,203
Bradley	1,449	1,746	1,916	2,225
Calhoun	1,445	1,743	1,913	2,224
Carroll	1,462	1,756	1,944	2,251
Chicot	1,418	1,714	1,850	2,160
Clark	1,456	1,752	1,923	2,231
Clay	1,385	1,680	1,784	2,094
Cleburne	1,434	1,730	1,883	2,192
Cleveland	1,449	1,746	1,916	2,225
Columbia	1,451	1,748	1,918	2,228
Conway	1,478	1,774	1,929	2,238
Craighead	1,501	1,797	1,969	2,277
Crawford	1,519	1,814	2,001	2,308
Crittenden	1,776	2,069	2,303	2,613
Cross	1,387	1,683	1,786	2,097
Dallas	1,449	1,746	1,916	2,225
Desha	1,420	1,717	1,853	2,164
Drew	1,523	1,822	1,994	2,304
Faulkner	1,682	1,968	2,179	2,485
Franklin	1,424	1,719	1,864	2,173
Fulton	1,449	1,746	1,916	2,225
Garland	1,541	1,836	2,043	2,351
Grant	1,514	1,810	2,055	2,362
Greene	1,480	1,778	1,981	2,289
Hempstead	1,421	1,718	1,854	2,165
Hot Spring	1,434	1,730	1,883	2,192
Howard	1,388	1,685	1,788	2,100
Independence	1,421	1,718	1,854	2,165
Izard	1,414	1,709	1,846	2,154
Jackson	1,418	1,714	1,850	2,160
Jefferson	1,611	1,904	2,114	2,423
Johnson	1,496	1,793	2,014	2,322
Lafayette	1,449	1,746	1,916	2,225

Continued

Continued

	1 Adult; 1 Child	2 Adults; 1 Child	1 Adult; 2 Children	2 Adults; 2 Children
Lawrence	1,420	1,717	1,853	2,164
Lee	1,449	1,746	1,916	2,225
Lincoln	1,489	1,786	1,990	2,298
Little River	1,459	1,756	1,927	2,236
Logan	1,465	1,761	1,949	2,257
Lonoke	1,685	1,973	2,184	2,492
Madison	1,542	1,838	2,098	2,407
Marion	1,449	1,746	1,916	2,225
Miller	1,624	1,916	2,126	2,434
Mississippi	1,527	1,825	2,030	2,340
Monroe	1,414	1,709	1,846	2,154
Montgomery	1,480	1,778	1,981	2,289
Nevada	1,434	1,730	1,883	2,192
Newton	1,490	1,786	2,001	2,309
Ouachita	1,448	1,743	1,914	2,221
Perry	1,453	1,751	1,921	2,231
Phillips	1,453	1,751	1,921	2,231
Pike	1,449	1,746	1,916	2,225
Poinsett	1,452	1,750	1,920	2,230
Polk	1,457	1,753	1,933	2,241
Pope	1,588	1,884	2,159	2,467
Prairie	1,449	1,746	1,916	2,225
Pulaski	1,734	2,027	2,275	2,585
Randolph	1,388	1,684	1,787	2,098
St. Francis	1,437	1,735	1,887	2,199
Saline	1,757	2,047	2,318	2,626
Scott	1,430	1,725	1,878	2,186
Searcy	1,480	1,778	1,981	2,289
Sebastian	1,542	1,839	2,046	2,354
Sevier	1,388	1,685	1,788	2,100
Sharp	1,387	1,683	1,786	2,097
Stone	1,434	1,730	1,883	2,192
Union	1,507	1,806	2,010	2,321
Van Buren	1,425	1,721	1,867	2,176
Washington	1,785	2,076	2,355	2,664
White	1,418	1,714	1,850	2,160
Woodruff	1,405	1,702	1,825	2,135
Yell	1,492	1,788	2,009	2,315

Table 6: Hourly Wage FIS, January 1999

	1 Adult; 1 Child	2 Adults; 1 Child	1 Adult; 2 Children	2 Adults; 2 Children
Arkansas	8.41	10.10	11.26	13.01
Ashley	7.99	9.68	10.36	12.13
Baxter	8.56	10.24	11.22	12.97
Benton	10.01	11.66	13.14	14.89
Boone	8.24	9.93	10.76	12.52
Bradley	8.23	9.92	10.89	12.64
Calhoun	8.21	9.91	10.87	12.64
Carroll	8.31	9.98	11.05	12.79
Chicot	8.06	9.74	10.51	12.27
Clark	8.27	9.96	10.93	12.68
Clay	7.87	9.55	10.14	11.90
Cleburne	8.15	9.83	10.70	12.46
Cleveland	8.23	9.92	10.89	12.64
Columbia	8.24	9.93	10.90	12.66
Conway	8.40	10.08	10.96	12.71
Craighead	8.53	10.21	11.19	12.94
Crawford	8.63	10.31	11.37	13.11
Crittenden	10.09	11.75	13.08	14.85
Cross	7.88	9.56	10.15	11.91
Dallas	8.23	9.92	10.89	12.64
Desha	8.07	9.76	10.53	12.29
Drew	8.65	10.35	11.33	13.09
Faulkner	9.55	11.18	12.38	14.12
Franklin	8.09	9.77	10.59	12.35
Fulton	8.23	9.92	10.89	12.64
Garland	8.75	10.43	11.61	13.36
Grant	8.60	10.28	11.67	13.42
Greene	8.41	10.10	11.26	13.01
Hempstead	8.07	9.76	10.53	12.30
Hot Spring	8.15	9.83	10.70	12.46
Howard	7.89	9.57	10.16	11.93
Independence	8.07	9.76	10.53	12.30
Izard	8.04	9.71	10.49	12.24
Jackson	8.06	9.74	10.51	12.27
Jefferson	9.15	10.82	12.01	13.77
Johnson	8.50	10.19	11.44	13.19
Lafayette	8.23	9.92	10.89	12.64

Continued

Continued

	1 Adult; 1 Child	2 Adults; 1 Child	1 Adult; 2 Children	2 Adults; 2 Children
Lawrence	8.07	9.76	10.53	12.29
Lee	8.23	9.92	10.89	12.64
Lincoln	8.46	10.15	11.31	13.06
Little River	8.29	9.98	10.95	12.70
Logan	8.33	10.01	11.07	12.83
Lonoke	9.58	11.21	12.41	14.16
Madison	8.76	10.44	11.92	13.68
Marion	8.23	9.92	10.89	12.64
Miller	9.22	10.89	12.08	13.83
Mississippi	8.68	10.37	11.53	13.29
Monroe	8.04	9.71	10.49	12.24
Montgomery	8.41	10.10	11.26	13.01
Nevada	8.15	9.83	10.70	12.46
Newton	8.47	10.15	11.37	13.12
Ouachita	8.22	9.90	10.87	12.62
Perry	8.25	9.95	10.91	12.68
Phillips	8.25	9.95	10.91	12.68
Pike	8.23	9.92	10.89	12.64
Poinsett	8.25	9.94	10.91	12.67
Polk	8.28	9.96	10.98	12.73
Pope	9.02	10.71	12.27	14.02
Prairie	8.23	9.92	10.89	12.64
Pulaski	9.85	11.51	12.93	14.69
Randolph	7.88	9.57	10.16	11.92
St. Francis	8.17	9.86	10.72	12.49
Saline	9.98	11.63	13.17	14.92
Scott	8.13	9.80	10.67	12.42
Searcy	8.41	10.10	11.26	13.01
Sebastian	8.76	10.45	11.62	13.38
Sevier	7.89	9.57	10.16	11.93
Sharp	7.88	9.56	10.15	11.91
Stone	8.15	9.83	10.70	12.46
Union	8.56	10.26	11.42	13.19
Van Buren	8.10	9.78	10.61	12.36
Washington	10.14	11.79	13.38	15.14
White	8.06	9.74	10.51	12.27
Woodruff	7.98	9.67	10.37	12.13
Yell	8.48	10.16	11.41	13.15

ENDNOTES

1. National Research Council. (1995). *Measuring Poverty: A New Approach*. Washington, DC: National Academy Press.

2. Wider Opportunities for Women. *Six Strategies for Self-Sufficiency: Great Ideas for Using State Policy to get Families out of Poverty*. Washington, DC: Wider Opportunities for Women.

3. National Research Council. (1995). *Measuring Poverty: A New Approach*. Washington, DC: National Academy Press, p.34.

4. National Social Science and Law Center. (1981). *The Cost of an Adequate Living Standard in New Jersey*. Washington, DC: National Social Science and Law Center.

5. Dean, Audrey C., and Pamela S. Tomlinson. (1982). *A Guide to Conducting a Cost-of-Living Study*. Washington, DC: National Social Science and Law Center.

6. Larin, Kathryn, and Kathryn H. Porter. (1992). *Enough to Live On: Setting An Appropriate AFDC Need Standard*. Washington, DC: Center on Budget and Policy Priorities.

7. Wider Opportunities for Women. (1998). Achievement at Two Years: A Report on the State Organizing For Family Economic Self-Sufficiency Project. Washington, DC: Wider Opportunities for Women.

8. Interim Final Rule, 20 CFR 663-230, The U.S. Department of Labor, Employment and Training Administration.

9. *Measuring Poverty: A New Approach*, p. 32. See *Measuring Poverty*, pp. 30-38 for an in-depth discussion of various methods used to calculate cost of living standards.

10. For a good discussion of market basket surveys, see Larin and Porter, *Enough to Live On: Setting An Appropriate AFDC Need Standard*. They describe a market basket as "a set of good and services...Using a market basket to establish a need standard entails deciding on the kinds and amounts of good and services considered essential for a low-income family. The state then determines the cost of the specific items in the market basket, and the total cost of all items in the market basket becomes the standard."

11. The child care estimates used in this study are from the Arkansas market rate survey that was valid as of November, 1998. In late 1998, the Division of Child Care and Early Childhood education conducted a new market rate survey. The results of that survey were unavailable at press time.

12. Two reasons guided our thinking in using the HUD estimates. First, because this is the first time that a self-sufficiency study has been conducted for Arkansas, we decided to err on the side of caution and use conservative estimates whenever possible and appropriate. Secondly, HUD's estimates are published annually, readily accessible to researchers, accepted by policymakers, and require little modification for a self-sufficiency standard study. Moreover, while we were able to devise an alternative methodology for calculating the cost of utilities, it is not a methodology that can be reproduced regularly without a great deal of staff time and expense. Developing more accurate estimates of housing costs would likely be even more problematic. Future studies, however, should continue to explore alternative methodologies for more accurately determining the cost of housing and utilities.

13. American Automobile Manufacturers Association. (1998). *Motor Vehicle Facts and Figures 1998.* Detroit, MI: American Automobile Manufacturers Association, p.67.

14. Annie E. Casey Foundation. (1999). *1999 Kids Count Data Book: State Profiles of Child Well-Being.* Baltimore, MD: Annie E. Casey Foundation. These estimates, for 1996, were computed as a five-year rolling average of estimates for 1994-1998.

15. Unpublished data, Annie E. Casey Foundation, November 1998.

16. U.S. Bureau of the Census. Unpublished tabulations of data from the March 1997 Current Population Survey.

17. American Association of Health Plans. (1998). *HMO and PPO Industry Profile*–1994. Washington, DC: American Association of Health Plans.

18. National Institute for Health Care Management. (1999). NIHCM Health Care System Datasource. Washington, DC: NIHCM.

19. It is not appropriate to calculate a statewide average for the standard, or for any of the cost components, as the simple average of county-level estimates. Since larger counties account for a larger share of the state's families with children than smaller counties, we weighted larger counties more heavily in determining the statewide average. The statewide estimates were calculated using a weighted average based on the number of children in each county.

20. The federal poverty threshold, not the poverty guidelines, used in this analysis. See note #2 above for an explanation of the difference between the two measures.

21. According to one study, an analysis of data from the March Current Population Survey, the 1997 median hourly wage for Arkansas workers was $8.59. See Mishel, Lawrence, Jared Bernstein, and John Schmitt. (1999). *The State of Working America, 1998-1999.* Washington, DC: Economic Policy Institute. This estimate is supported by data from the Arkansas Employment Security Department (ESD). When contacted, ESD did not have an estimate of the state median hourly wage. However, it did have estimates of the median hourly wage for each of the state's service delivery areas (SDAs). Out of the state's ten SDAs, only one SDA, that incorporating the City of Little Rock, had a median hourly wage over nine dollars ($10.08 per hour). The other 9 SDAs had median hourly wage estimates ranging from $8.29 to $8.98.

22. For good discussions of policy options for helping working poor families, see Bergmann, Barbara R. (1997). Reducing Poverty Among American Children Through a "Help for Working Parents" Program. New York: The Foundation for Child Development. Also see Smith-FitzPatrick, Christina, and Edward Lazere. (1999). *The Poverty Despite Work Handbook;* and Wider Opportunities for Women. *Six Strategies for Self-Sufficiency: Great Ideas for Using State Policy to get Families out of Poverty.*

APPENDIX

To test whether HUD's Fair Market Rent estimates are adequate to cover both the cost of housing and utilities, we developed our own estimates of utility costs. This was done by developing separate cost estimates for each of the following utilities: electricity, gas, water, and sewer. We then subtracted our utility estimates from HUD's estimates (which are supposed to cover the cost of both housing and utilities) to determine how much their estimates include for housing costs (assuming our utilities are correct).

Electric and Gas. Developing utility-cost estimates was a long and time consuming process. Originally, we contacted several utilities to obtain county-by-county information about average utility costs. This approach was abandoned, however, because of the large number of utilities and the initial difficulty experienced in trying to obtain this information from utilities that were initially contacted. Instead, we relied on data found in annual reports produced by the Arkansas Public Service Commission (PSC). These reports contain customer and revenue data from each electric and gas utility operating in the state. Included are average revenues generated per customer. Also obtained from the Commission were information about the coverage areas of each utility. Coverage area data was very problematic. In many cases, especially for the electric utilities, we had to estimate coverage areas using maps provided by the utilities. Compounding this problem was the fact that the coverage areas of the utilities overlapped in many conties. In the end, we had to make coverage area determinations by eyeballing the maps. Each county was assigned a utility based on which utility served a majority of the county's population.

Because of the time lag associated with the reporting of data to the PSC and the production of their annual reports, we originally attempted to update these estimates by examining company rate increase requests. Such requests must be submitted to the PSC for their approval. Because of the inordinate amount of time it took to manually review PSC records, this approach was eventually abandoned. Instead, estimates were adjusted for inflation using regional data from the Consumer Price Index, published regularly by the U.S. Bureau of Labor Statistics. One other shortcoming is worth noting: several areas in the state are not covered by the state's gas utilities, but instead rely on the purchase of propane gas. No attempt was made to estimate these costs because of the relatively large number of propane gas retailers.

Water and Sewer. PSC does not report extensively on the water and sewer utilities. This is due, in large part, to the fact that water and sewer utilities, unlike gas and electric utilities, tend to be publically (e.g., owned by a city government or authority) rather than privately-owned. While there is no state or national association that regularly monitors or oversees the operations of water and sewer utilities, the Arkansas Municipal League does occasionally conduct a survey of the water and sewer fees charged by its members. The latest survey on water and sewer fees was conducted during the fall/winter of 1997-1998.

Although the costs of utilities are included in its Fair Market Rent estimates, HUD does not publish its utility cost estimates separately from its Fair Market Rent estimates. Therefore, to test the adequacy of HUD's Fair Market Rent estimates, we compared our utility-cost estimates with the HUD's Fair Market Rent estimates (which include both rental and utility costs). The difference between these two figures was assumed to be HUD's estimate of the cost of rental housing. In several counties, subtracting our utility-cost estimates from HUD's Fair Market Rent estimates left approximately $200 for the cost of housing. To double-check whether such amounts would have been enough to cover the costs of rental housing in those areas, we spot-checked the classified sections of local newspapers and called several relators in these counties to determine whether any housing might be available at that cost. In the counties we examined, it appeared that HUD's Fair Market Rent estimate was not enough to cover the cst of both rental housing and utilities. We therefore conclude that HUD's estimates underestimate the cost of housing and utilities in at least some counties.

Table A-1: Comparison of HUD's Rent Estimates and AACF Utility Estimates

	HUD Housing & Utilities	AACF Utilities	Difference in HUD & AACF
Arkansas	361	158	203
Ashley	361	162	199
Baxter	401	143	258
Benton	506	129	377
Boone	379	158	221
Bradley	361	157	204
Calhoun	356	149	207
Carroll	361	141	220
Chicot	361	162	199
Clark	366	149	217
Clay	361	135	226
Cleburne	361	150	211
Cleveland	361	157	204
Columbia	361	162	199
Conway	392	162	230
Craighead	397	152	245
Crawford	404	136	268
Crittenden	530	162	368
Cross	361	159	202
Dallas	361	157	204
Desha	361	157	204
Drew	410	162	248
Faulkner	497	162	335
Franklin	361	137	224
Fulton	361	148	213
Garland	404	162	242
Grant	361	162	199
Greene	361	144	217
Hempstead	361	144	217
Hot Spring	361	162	199
Howard	361	145	216
Independence	361	162	199
Izard	361	151	210
Jackson	361	154	207
Jefferson	450	162	288
Johnson	361	137	224
Lafayette	361	156	205

Note: "Difference" is equal to HUD's Fair Market Rent Estimates minus AACF's utility. "Difference" represents estimates of how much would be left over under HUD's estimates to pay for 2-bedroom housing.

Continued

Continued

	HUD Housing & Utilities	AACF Utilities	Difference in HUD & AACF
Lawrence	361	154	207
Lee	361	159	202
Lincoln	367	135	232
Little River	367	139	228
Logan	361	129	232
Lonoke	497	158	339
Madison	367	138	229
Marion	361	158	203
Miller	458	139	319
Mississippi	392	149	243
Monroe	361	157	204
Montgomery	361	162	199
Nevada	361	149	212
Newton	361	145	216
Ouachita	361	155	206
Perry	361	154	207
Phillips	361	162	199
Pike	361	135	226
Poinsett	361	154	207
Polk	361	151	210
Pope	392	146	246
Prairie	361	162	199
Pulaski	497	162	335
Randolph	361	135	226
St. Francis	361	159	202
Saline	497	154	343
Scott	361	143	218
Searcy	361	135	226
Sebastian	404	131	273
Sevier	361	127	234
Sharp	361	152	209
Stone	361	158	203
Union	377	162	215
Van Buren	361	135	226
Washington	506	129	377
White	361	158	203
Woodruff	361	155	206
Yell	361	162	199

Table A-2: Annual Living Expenses for One Adult & One Child

	Housing	Child Care	Food	Transport.	Health Care	Misc.	TOTAL excluding taxes
Arkansas	4,332	3,432	2,652	2,436	2,916	1,577	17,345
Ashley	4,332	2,772	2,652	2,436	2,916	1,511	16,619
Baxter	4,812	3,168	2,652	2,436	2,916	1,598	17,583
Benton	6,072	3,894	2,652	2,436	2,916	1,797	19,767
Boone	4,548	2,970	2,652	2,436	2,916	1,552	17,075
Bradley	4,332	3,168	2,652	2,436	2,916	1,550	17,055
Calhoun	4,272	3,168	2,652	2,436	2,916	1,544	16,989
Carroll	4,332	3,300	2,652	2,436	2,916	1,564	17,200
Chicot	4,332	2,904	2,652	2,436	2,916	1,524	16,764
Clark	4,392	3,168	2,652	2,436	2,916	1,556	17,121
Clay	4,332	2,640	2,652	2,436	2,916	1,498	16,474
Cleburne	4,332	3,036	2,652	2,436	2,916	1,537	16,910
Cleveland	4,332	3,168	2,652	2,436	2,916	1,550	17,055
Columbia	4,332	3,168	2,652	2,436	2,916	1,550	17,055
Conway	4,704	3,036	2,652	2,436	2,916	1,574	17,319
Craighead	4,764	3,168	2,652	2,436	2,916	1,594	17,530
Crawford	4,848	3,274	2,652	2,436	2,916	1,613	17,739
Crittenden	6,360	3,696	2,652	2,436	2,916	1,806	19,866
Cross	4,332	2,640	2,652	2,436	2,916	1,498	16,474
Dallas	4,332	3,168	2,652	2,436	2,916	1,550	17,055
Desha	4,332	2,904	2,652	2,436	2,916	1,524	16,764
Drew	4,920	3,168	2,652	2,436	2,916	1,609	17,702
Faulkner	5,964	3,432	2,652	2,436	2,916	1,740	19,140
Franklin	4,332	2,970	2,652	2,436	2,916	1,531	16,837
Fulton	4,332	3,168	2,652	2,436	2,916	1,550	17,055
Garland	4,848	3,432	2,652	2,436	2,916	1,628	17,913
Grant	4,332	3,749	2,652	2,436	2,916	1,609	17,694
Greene	4,332	3,432	2,652	2,436	2,916	1,577	17,345
Hempstead	4,332	2,904	2,652	2,436	2,916	1,524	16,764
Hot Spring	4,332	3,036	2,652	2,436	2,916	1,537	16,910
Howard	4,332	2,640	2,652	2,436	2,916	1,498	16,474
Independence	4,332	2,904	2,652	2,436	2,916	1,524	16,764
Izard	4,332	2,904	2,652	2,436	2,916	1,524	16,764
Jackson	4,332	2,904	2,652	2,436	2,916	1,524	16,764
Jefferson	5,400	3,432	2,652	2,436	2,916	1,684	18,520
Johnson	4,332	3,564	2,652	2,436	2,916	1,590	17,490
Lafayette	4,332	3,168	2,652	2,436	2,916	1,550	17,055

Continued

Continued

	Housing	Child Care	Food	Transport.	Health Care	Misc.	TOTAL excluding taxes
Lawrence	4,332	2,904	2,652	2,436	2,916	1,524	16,764
Lee	4,332	3,168	2,652	2,436	2,916	1,550	17,055
Lincoln	4,404	3,432	2,652	2,436	2,916	1,584	17,424
Little River	4,404	3,168	2,652	2,436	2,916	1,558	17,134
Logan	4,332	3,300	2,652	2,436	2,916	1,564	17,200
Lonoke	5,964	3,432	2,652	2,436	2,916	1,740	19,140
Madison	4,404	3,868	2,652	2,436	2,916	1,628	17,904
Marion	4,332	3,168	2,652	2,436	2,916	1,550	17,055
Miller	5,496	3,432	2,652	2,436	2,916	1,693	18,626
Mississippi	4,704	3,432	2,652	2,436	2,916	1,614	17,754
Monroe	4,332	2,904	2,652	2,436	2,916	1,524	16,764
Montgomery	4,332	3,432	2,652	2,436	2,916	1,577	17,345
Nevada	4,332	3,036	2,652	2,436	2,916	1,537	16,910
Newton	4,332	3,511	2,652	2,436	2,916	1,585	17,432
Ouachita	4,332	3,168	2,652	2,436	2,916	1,550	17,055
Perry	4,332	3,168	2,652	2,436	2,916	1,550	17,055
Phillips	4,332	3,168	2,652	2,436	2,916	1,550	17,055
Pike	4,332	3,168	2,652	2,436	2,916	1,550	17,055
Poinsett	4,332	3,168	2,652	2,436	2,916	1,550	17,055
Polk	4,332	3,234	2,652	2,436	2,916	1,557	17,127
Pope	4,704	3,960	2,652	2,436	2,916	1,667	18,335
Prairie	4,332	3,168	2,652	2,436	2,916	1,550	17,055
Pulaski	5,964	3,802	2,652	2,436	2,916	1,777	19,547
Randolph	4,332	2,640	2,652	2,436	2,916	1,498	16,474
St. Francis	4,332	3,036	2,652	2,436	2,916	1,537	16,910
Saline	5,964	3,986	2,652	2,436	2,916	1,795	19,750
Scott	4,332	3,036	2,652	2,436	2,916	1,537	16,910
Searcy	4,332	3,432	2,652	2,436	2,916	1,577	17,345
Sebastian	4,848	3,432	2,652	2,436	2,916	1,628	17,913
Sevier	4,332	2,640	2,652	2,436	2,916	1,498	16,474
Sharp	4,332	2,640	2,652	2,436	2,916	1,498	16,474
Stone	4,332	3,036	2,652	2,436	2,916	1,537	16,910
Union	4,524	3,432	2,652	2,436	2,916	1,596	17,556
Van Buren	4,332	2,970	2,652	2,436	2,916	1,531	16,837
Washington	6,072	4,066	2,652	2,436	2,916	1,814	19,956
White	4,332	2,904	2,652	2,436	2,916	1,524	16,764
Woodruff	4,332	2,798	2,652	2,436	2,916	1,513	16,648
Yell	4,332	3,564	2,652	2,436	2,916	1,590	17,490

Table A-3: Annual Living Expenses for Two Adults & One Child

	Housing	Child Care	Food	Transport.	Health Care	Misc.	TOTAL excluding taxes
Arkansas	4,332	3,432	4,544	2,436	3,532	1,828	20,104
Ashley	4,332	2,772	4,544	2,436	3,532	1,762	19,378
Baxter	4,812	3,168	4,544	2,436	3,532	1,849	20,341
Benton	6,072	3,894	4,544	2,436	3,532	2,048	22,526
Boone	4,548	2,970	4,544	2,436	3,532	1,803	19,833
Bradley	4,332	3,168	4,544	2,436	3,532	1,801	19,813
Calhoun	4,272	3,168	4,544	2,436	3,532	1,795	19,747
Carroll	4,332	3,300	4,544	2,436	3,532	1,814	19,959
Chicot	4,332	2,904	4,544	2,436	3,532	1,775	19,523
Clark	4,392	3,168	4,544	2,436	3,532	1,807	19,879
Clay	4,332	2,640	4,544	2,436	3,532	1,748	19,233
Cleburne	4,332	3,036	4,544	2,436	3,532	1,788	19,668
Cleveland	4,332	3,168	4,544	2,436	3,532	1,801	19,813
Columbia	4,332	3,168	4,544	2,436	3,532	1,801	19,813
Conway	4,704	3,036	4,544	2,436	3,532	1,825	20,077
Craighead	4,764	3,168	4,544	2,436	3,532	1,844	20,289
Crawford	4,848	3,274	4,544	2,436	3,532	1,863	20,497
Crittenden	6,360	3,696	4,544	2,436	3,532	2,057	22,625
Cross	4,332	2,640	4,544	2,436	3,532	1,748	19,233
Dallas	4,332	3,168	4,544	2,436	3,532	1,801	19,813
Desha	4,332	2,904	4,544	2,436	3,532	1,775	19,523
Drew	4,920	3,168	4,544	2,436	3,532	1,860	20,460
Faulkner	5,964	3,432	4,544	2,436	3,532	1,991	21,899
Franklin	4,332	2,970	4,544	2,436	3,532	1,781	19,596
Fulton	4,332	3,168	4,544	2,436	3,532	1,801	19,813
Garland	4,848	3,432	4,544	2,436	3,532	1,879	20,671
Grant	4,332	3,749	4,544	2,436	3,532	1,859	20,452
Greene	4,332	3,432	4,544	2,436	3,532	1,828	20,104
Hempstead	4,332	2,904	4,544	2,436	3,532	1,775	19,523
Hot Spring	4,332	3,036	4,544	2,436	3,532	1,788	19,668
Howard	4,332	2,640	4,544	2,436	3,532	1,748	19,233
Independence	4,332	2,904	4,544	2,436	3,532	1,775	19,523
Izard	4,332	2,904	4,544	2,436	3,532	1,775	19,523
Jackson	4,332	2,904	4,544	2,436	3,532	1,775	19,523
Jefferson	5,400	3,432	4,544	2,436	3,532	1,934	21,279
Johnson	4,332	3,564	4,544	2,436	3,532	1,841	20,249
Lafayette	4,332	3,168	4,544	2,436	3,532	1,801	19,813

Continued

Continued

	Housing	Child Care	Food	Transport.	Health Care	Misc.	TOTAL excluding taxes
Lawrence	4,332	2,904	4,544	2,436	3,532	1,775	19,523
Lee	4,332	3,168	4,544	2,436	3,532	1,801	19,813
Lincoln	4,404	3,432	4,544	2,436	3,532	1,835	20,183
Little River	4,404	3,168	4,544	2,436	3,532	1,808	19,893
Logan	4,332	3,300	4,544	2,436	3,532	1,814	19,959
Lonoke	5,964	3,432	4,544	2,436	3,532	1,991	21,899
Madison	4,404	3,868	4,544	2,436	3,532	1,878	20,662
Marion	4,332	3,168	4,544	2,436	3,532	1,801	19,813
Miller	5,496	3,432	4,544	2,436	3,532	1,944	21,384
Mississippi	4,704	3,432	4,544	2,436	3,532	1,865	20,513
Monroe	4,332	2,904	4,544	2,436	3,532	1,775	19,523
Montgomery	4,332	3,432	4,544	2,436	3,532	1,828	20,104
Nevada	4,332	3,036	4,544	2,436	3,532	1,788	19,668
Newton	4,332	3,511	4,544	2,436	3,532	1,836	20,191
Ouachita	4,332	3,168	4,544	2,436	3,532	1,801	19,813
Perry	4,332	3,168	4,544	2,436	3,532	1,801	19,813
Phillips	4,332	3,168	4,544	2,436	3,532	1,801	19,813
Pike	4,332	3,168	4,544	2,436	3,532	1,801	19,813
Poinsett	4,332	3,168	4,544	2,436	3,532	1,801	19,813
Polk	4,332	3,234	4,544	2,436	3,532	1,808	19,886
Pope	4,704	3,960	4,544	2,436	3,532	1,918	21,094
Prairie	4,332	3,168	4,544	2,436	3,532	1,801	19,813
Pulaski	5,964	3,802	4,544	2,436	3,532	2,028	22,306
Randolph	4,332	2,640	4,544	2,436	3,532	1,748	19,233
St. Francis	4,332	3,036	4,544	2,436	3,532	1,788	19,668
Saline	5,964	3,986	4,544	2,436	3,532	2,046	22,509
Scott	4,332	3,036	4,544	2,436	3,532	1,788	19,668
Searcy	4,332	3,432	4,544	2,436	3,532	1,828	20,104
Sebastian	4,848	3,432	4,544	2,436	3,532	1,879	20,671
Sevier	4,332	2,640	4,544	2,436	3,532	1,748	19,233
Sharp	4,332	2,640	4,544	2,436	3,532	1,748	19,233
Stone	4,332	3,036	4,544	2,436	3,532	1,788	19,668
Union	4,524	3,432	4,544	2,436	3,532	1,847	20,315
Van Buren	4,332	2,970	4,544	2,436	3,532	1,781	19,596
Washington	6,072	4,066	4,544	2,436	3,532	2,065	22,715
White	4,332	2,904	4,544	2,436	3,532	1,775	19,523
Woodruff	4,332	2,798	4,544	2,436	3,532	1,764	19,407
Yell	4,332	3,564	4,544	2,436	3,532	1,841	20,249

Table A-4: Annual Living Expenses for One Adult & Two Children

	Housing	Child Care	Food	Transport.	Health Care	Misc.	TOTAL excluding taxes
Arkansas	4,332	6,864	3,744	2,436	3,297	2,067	22,740
Ashley	4,332	5,544	3,744	2,436	3,297	1,935	21,288
Baxter	4,812	6,336	3,744	2,436	3,297	2,063	22,688
Benton	6,072	7,788	3,744	2,436	3,297	2,334	25,671
Boone	4,548	5,940	3,744	2,436	3,297	1,997	21,962
Bradley	4,332	6,336	3,744	2,436	3,297	2,015	22,160
Calhoun	4,272	6,336	3,744	2,436	3,297	2,009	22,094
Carroll	4,332	6,600	3,744	2,436	3,297	2,041	22,450
Chicot	4,332	5,808	3,744	2,436	3,297	1,962	21,579
Clark	4,392	6,336	3,744	2,436	3,297	2,021	22,226
Clay	4,332	5,280	3,744	2,436	3,297	1,909	20,998
Cleburne	4,332	6,072	3,744	2,436	3,297	1,988	21,869
Cleveland	4,332	6,336	3,744	2,436	3,297	2,015	22,160
Columbia	4,332	6,336	3,744	2,436	3,297	2,015	22,160
Conway	4,704	6,072	3,744	2,436	3,297	2,025	22,278
Craighead	4,764	6,336	3,744	2,436	3,297	2,058	22,635
Crawford	4,848	6,547	3,744	2,436	3,297	2,087	22,960
Crittenden	6,360	7,392	3,744	2,436	3,297	2,323	25,552
Cross	4,332	5,280	3,744	2,436	3,297	1,909	20,998
Dallas	4,332	6,336	3,744	2,436	3,297	2,015	22,160
Desha	4,332	5,808	3,744	2,436	3,297	1,962	21,579
Drew	4,920	6,336	3,744	2,436	3,297	2,073	22,806
Faulkner	5,964	6,864	3,744	2,436	3,297	2,231	24,536
Franklin	4,332	5,940	3,744	2,436	3,297	1,975	21,724
Fulton	4,332	6,336	3,744	2,436	3,297	2,015	22,160
Garland	4,848	6,864	3,744	2,436	3,297	2,119	23,308
Grant	4,332	7,498	3,744	2,436	3,297	2,131	23,437
Greene	4,332	6,864	3,744	2,436	3,297	2,067	22,740
Hempstead	4,332	5,808	3,744	2,436	3,297	1,962	21,579
Hot Spring	4,332	6,072	3,744	2,436	3,297	1,988	21,869
Howard	4,332	5,280	3,744	2,436	3,297	1,909	20,998
Independence	4,332	5,808	3,744	2,436	3,297	1,962	21,579
Izard	4,332	5,808	3,744	2,436	3,297	1,962	21,579
Jackson	4,332	5,808	3,744	2,436	3,297	1,962	21,579
Jefferson	5,400	6,864	3,744	2,436	3,297	2,174	23,915
Johnson	4,332	7,128	3,744	2,436	3,297	2,094	23,031
Lafayette	4,332	6,336	3,744	2,436	3,297	2,015	22,160

Continued

Continued

	Housing	Child Care	Food	Transport.	Health Care	Misc.	TOTAL excluding taxes
Lawrence	4,332	5,808	3,744	2,436	3,297	1,962	21,579
Lee	4,332	6,336	3,744	2,436	3,297	2,015	22,160
Lincoln	4,404	6,864	3,744	2,436	3,297	2,075	22,820
Little River	4,404	6,336	3,744	2,436	3,297	2,022	22,239
Logan	4,332	6,600	3,744	2,436	3,297	2,041	22,450
Lonoke	5,964	6,864	3,744	2,436	3,297	2,231	24,536
Madison	4,404	7,735	3,744	2,436	3,297	2,162	23,778
Marion	4,332	6,336	3,744	2,436	3,297	2,015	22,160
Miller	5,496	6,864	3,744	2,436	3,297	2,184	24,021
Mississippi	4,704	6,864	3,744	2,436	3,297	2,105	23,150
Monroe	4,332	5,808	3,744	2,436	3,297	1,962	21,579
Montgomery	4,332	6,864	3,744	2,436	3,297	2,067	22,740
Nevada	4,332	6,072	3,744	2,436	3,297	1,988	21,869
Newton	4,332	7,022	3,744	2,436	3,297	2,083	22,915
Ouachita	4,332	6,336	3,744	2,436	3,297	2,015	22,160
Perry	4,332	6,336	3,744	2,436	3,297	2,015	22,160
Phillips	4,332	6,336	3,744	2,436	3,297	2,015	22,160
Pike	4,332	6,336	3,744	2,436	3,297	2,015	22,160
Poinsett	4,332	6,336	3,744	2,436	3,297	2,015	22,160
Polk	4,332	6,468	3,744	2,436	3,297	2,028	22,305
Pope	4,704	7,920	3,744	2,436	3,297	2,210	24,311
Prairie	4,332	6,336	3,744	2,436	3,297	2,015	22,160
Pulaski	5,964	7,603	3,744	2,436	3,297	2,304	25,349
Randolph	4,332	5,280	3,744	2,436	3,297	1,909	20,998
St. Francis	4,332	6,072	3,744	2,436	3,297	1,988	21,869
Saline	5,964	7,973	3,744	2,436	3,297	2,341	25,755
Scott	4,332	6,072	3,744	2,436	3,297	1,988	21,869
Searcy	4,332	6,864	3,744	2,436	3,297	2,067	22,740
Sebastian	4,848	6,864	3,744	2,436	3,297	2,119	23,308
Sevier	4,332	5,280	3,744	2,436	3,297	1,909	20,998
Sharp	4,332	5,280	3,744	2,436	3,297	1,909	20,998
Stone	4,332	6,072	3,744	2,436	3,297	1,988	21,869
Union	4,524	6,864	3,744	2,436	3,297	2,087	22,952
Van Buren	4,332	5,940	3,744	2,436	3,297	1,975	21,724
Washington	6,072	8,131	3,744	2,436	3,297	2,368	26,048
White	4,332	5,808	3,744	2,436	3,297	1,962	21,579
Woodruff	4,332	5,597	3,744	2,436	3,297	1,941	21,346
Yell	4,332	7,128	3,744	2,436	3,297	2,094	23,031

Table A-5: Annual Living Expenses for Two Adults & Two Children

	Housing	Child Care	Food	Transport.	Health Care	Misc.	TOTAL excluding taxes
Arkansas	4,332	6,864	5,636	2,436	3,912	2,318	25,499
Ashley	4,332	5,544	5,636	2,436	3,912	2,186	24,047
Baxter	4,812	6,336	5,636	2,436	3,912	2,313	25,446
Benton	6,072	7,788	5,636	2,436	3,912	2,584	28,429
Boone	4,548	5,940	5,636	2,436	3,912	2,247	24,720
Bradley	4,332	6,336	5,636	2,436	3,912	2,265	24,918
Calhoun	4,272	6,336	5,636	2,436	3,912	2,259	24,852
Carroll	4,332	6,600	5,636	2,436	3,912	2,292	25,209
Chicot	4,332	5,808	5,636	2,436	3,912	2,212	24,337
Clark	4,392	6,336	5,636	2,436	3,912	2,271	24,984
Clay	4,332	5,280	5,636	2,436	3,912	2,160	23,757
Cleburne	4,332	6,072	5,636	2,436	3,912	2,239	24,628
Cleveland	4,332	6,336	5,636	2,436	3,912	2,265	24,918
Columbia	4,332	6,336	5,636	2,436	3,912	2,265	24,918
Conway	4,704	6,072	5,636	2,436	3,912	2,276	25,037
Craighead	4,764	6,336	5,636	2,436	3,912	2,308	25,393
Crawford	4,848	6,547	5,636	2,436	3,912	2,338	25,718
Crittenden	6,360	7,392	5,636	2,436	3,912	2,574	28,311
Cross	4,332	5,280	5,636	2,436	3,912	2,160	23,757
Dallas	4,332	6,336	5,636	2,436	3,912	2,265	24,918
Desha	4,332	5,808	5,636	2,436	3,912	2,212	24,337
Drew	4,920	6,336	5,636	2,436	3,912	2,324	25,565
Faulkner	5,964	6,864	5,636	2,436	3,912	2,481	27,294
Franklin	4,332	5,940	5,636	2,436	3,912	2,226	24,483
Fulton	4,332	6,336	5,636	2,436	3,912	2,265	24,918
Garland	4,848	6,864	5,636	2,436	3,912	2,370	26,067
Grant	4,332	7,498	5,636	2,436	3,912	2,381	26,196
Greene	4,332	6,864	5,636	2,436	3,912	2,318	25,499
Hempstead	4,332	5,808	5,636	2,436	3,912	2,212	24,337
Hot Spring	4,332	6,072	5,636	2,436	3,912	2,239	24,628
Howard	4,332	5,280	5,636	2,436	3,912	2,160	23,757
Independence	4,332	5,808	5,636	2,436	3,912	2,212	24,337
Izard	4,332	5,808	5,636	2,436	3,912	2,212	24,337
Jackson	4,332	5,808	5,636	2,436	3,912	2,212	24,337
Jefferson	5,400	6,864	5,636	2,436	3,912	2,425	26,674
Johnson	4,332	7,128	5,636	2,436	3,912	2,344	25,789
Lafayette	4,332	6,336	5,636	2,436	3,912	2,265	24,918

Continued

Continued

	Housing	Child Care	Food	Transport.	Health Care	Misc.	TOTAL excluding taxes
Lawrence	4,332	5,808	5,636	2,436	3,912	2,212	24,337
Lee	4,332	6,336	5,636	2,436	3,912	2,265	24,918
Lincoln	4,404	6,864	5,636	2,436	3,912	2,325	25,578
Little River	4,404	6,336	5,636	2,436	3,912	2,272	24,997
Logan	4,332	6,600	5,636	2,436	3,912	2,292	25,209
Lonoke	5,964	6,864	5,636	2,436	3,912	2,481	27,294
Madison	4,404	7,735	5,636	2,436	3,912	2,412	26,537
Marion	4,332	6,336	5,636	2,436	3,912	2,265	24,918
Miller	5,496	6,864	5,636	2,436	3,912	2,434	26,779
Mississippi	4,704	6,864	5,636	2,436	3,912	2,355	25,908
Monroe	4,332	5,808	5,636	2,436	3,912	2,212	24,337
Montgomery	4,332	6,864	5,636	2,436	3,912	2,318	25,499
Nevada	4,332	6,072	5,636	2,436	3,912	2,239	24,628
Newton	4,332	7,022	5,636	2,436	3,912	2,334	25,673
Ouachita	4,332	6,336	5,636	2,436	3,912	2,265	24,918
Perry	4,332	6,336	5,636	2,436	3,912	2,265	24,918
Phillips	4,332	6,336	5,636	2,436	3,912	2,265	24,918
Pike	4,332	6,336	5,636	2,436	3,912	2,265	24,918
Poinsett	4,332	6,336	5,636	2,436	3,912	2,265	24,918
Polk	4,332	6,468	5,636	2,436	3,912	2,278	25,063
Pope	4,704	7,920	5,636	2,436	3,912	2,461	27,070
Prairie	4,332	6,336	5,636	2,436	3,912	2,265	24,918
Pulaski	5,964	7,603	5,636	2,436	3,912	2,555	28,107
Randolph	4,332	5,280	5,636	2,436	3,912	2,160	23,757
St. Francis	4,332	6,072	5,636	2,436	3,912	2,239	24,628
Saline	5,964	7,973	5,636	2,436	3,912	2,592	28,514
Scott	4,332	6,072	5,636	2,436	3,912	2,239	24,628
Searcy	4,332	6,864	5,636	2,436	3,912	2,318	25,499
Sebastian	4,848	6,864	5,636	2,436	3,912	2,370	26,067
Sevier	4,332	5,280	5,636	2,436	3,912	2,160	23,757
Sharp	4,332	5,280	5,636	2,436	3,912	2,160	23,757
Stone	4,332	6,072	5,636	2,436	3,912	2,239	24,628
Union	4,524	6,864	5,636	2,436	3,912	2,337	25,710
Van Buren	4,332	5,940	5,636	2,436	3,912	2,226	24,483
Washington	6,072	8,131	5,636	2,436	3,912	2,619	28,807
White	4,332	5,808	5,636	2,436	3,912	2,212	24,337
Woodruff	4,332	5,597	5,636	2,436	3,912	2,191	24,105
Yell	4,332	7,128	5,636	2,436	3,912	2,344	25,789

Table A-6: Federal & State Taxes, and Tax Credits for One Adult & One Child

	FEDERAL TAXES		FEDERAL TAX CREDITS			STATE TAXES		STATE TAX CREDITS		
	Payroll	Income	Child Care	Child Tax	EITC	Sales*	Income	Personal Credit	Child Care	Working
Arkansas	1,327	851	624	227	1,462	238	501	40	125	22
Ashley	1,271	746	624	122	1,574	276	464	40	125	21
Baxter	1,345	889	624	265	1,422	239	513	40	125	22
Benton	1,512	1,219	600	400	1,070	250	645	40	120	24
Boone	1,306	814	624	190	1,502	236	483	40	125	21
Bradley	1,305	814	624	190	1,502	236	483	40	125	21
Calhoun	1,300	799	624	175	1,518	278	478	40	125	21
Carroll	1,316	836	624	212	1,478	195	495	40	125	21
Chicot	1,282	769	624	145	1,550	235	469	40	125	21
Clark	1,310	821	624	197	1,494	237	489	40	125	21
Clay	1,260	724	624	100	1,598	213	455	40	125	20
Cleburne	1,294	791	624	167	1,526	236	478	40	125	21
Cleveland	1,305	814	624	190	1,502	236	483	40	125	21
Columbia	1,305	814	624	190	1,502	257	483	40	125	21
Conway	1,325	851	624	227	1,462	238	501	40	125	22
Craighead	1,341	881	624	257	1,430	239	513	40	125	22
Crawford	1,357	911	624	287	1,398	197	525	40	125	22
Crittenden	1,520	1,234	600	400	1,054	284	651	40	120	25
Cross	1,260	724	624	100	1,598	233	455	40	125	20
Dallas	1,305	814	624	190	1,502	236	483	40	125	21
Desha	1,282	769	624	145	1,550	256	469	40	125	21
Drew	1,354	911	624	287	1,398	282	525	40	125	22
Faulkner	1,464	1,121	600	400	1,174	203	609	40	120	24
Franklin	1,288	776	624	152	1,542	214	473	40	125	21
Fulton	1,305	814	624	190	1,502	236	483	40	125	21

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Continued

	FEDERAL TAXES		FEDERAL TAX CREDITS			STATE TAXES		STATE TAX CREDITS		
	Payroll	Income	Child Care	Child Tax	EITC	Sales*	Income	Personal Credit	Child Care	Working
Garland	1,370	941	624	317	1,366	219	537	40	125	22
Grant	1,354	904	624	280	1,406	197	519	40	125	22
Greene	1,327	851	624	227	1,462	238	501	40	125	22
Hempstead	1,282	769	624	145	1,550	266	469	40	125	21
Hot Spring	1,294	791	624	167	1,526	236	478	40	125	21
Howard	1,260	724	624	100	1,598	254	455	40	125	20
Independence	1,282	769	624	145	1,550	266	469	40	125	21
Izard	1,282	769	624	145	1,550	193	469	40	125	21
Jackson	1,282	769	624	145	1,550	235	469	40	125	21
Jefferson	1,417	1,031	600	400	1,270	244	573	40	120	23
Johnson	1,338	874	624	250	1,438	239	507	40	125	22
Lafayette	1,305	814	624	190	1,502	236	483	40	125	21
Lawrence	1,282	769	624	145	1,550	256	469	40	125	21
Lee	1,305	814	624	190	1,502	236	483	40	125	21
Lincoln	1,333	866	624	242	1,446	238	507	40	125	22
Little River	1,311	821	624	197	1,494	258	489	40	125	21
Logan	1,316	836	624	212	1,478	237	495	40	125	21
Lonoke	1,464	1,121	600	400	1,174	247	609	40	120	24
Madison	1,370	941	624	317	1,366	241	537	40	125	22
Marion	1,305	814	624	190	1,502	236	483	40	125	21
Miller	1,425	1,046	600	400	1,254	244	579	40	120	23
Mississippi	1,358	919	624	295	1,390	261	525	40	125	22
Monroe	1,282	769	624	145	1,550	193	469	40	125	21
Montgomery	1,327	851	624	227	1,462	238	501	40	125	22
Nevada	1,294	791	624	167	1,526	236	478	40	125	21
Newton	1,334	866	624	242	1,446	238	507	40	125	22

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	FEDERAL TAXES		FEDERAL TAX CREDITS			STATE TAXES		STATE TAX CREDITS		
	Payroll	Income	Child Care	Child Tax	EITC	Sales*	Income	Personal Credit	Child Care	Working
Ouachita	1,305	814	624	190	1,502	215	483	40	125	21
Perry	1,305	814	624	190	1,502	278	483	40	125	21
Phillips	1,305	814	624	190	1,502	278	483	40	125	21
Pike	1,305	814	624	190	1,502	236	483	40	125	21
Poinsett	1,305	814	624	190	1,502	268	483	40	125	21
Polk	1,310	821	624	197	1,494	237	489	40	125	21
Pope	1,403	1,001	600	400	1,302	243	561	40	120	23
Prairie	1,305	814	624	190	1,502	236	483	40	125	21
Pulaski	1,495	1,181	600	400	1,110	249	633	40	120	24
Randolph	1,260	724	624	100	1,598	244	455	40	125	20
St. Francis	1,294	791	624	167	1,526	278	478	40	125	21
Saline	1,511	1,219	600	400	1,070	217	645	40	120	24
Scott	1,294	791	624	167	1,526	194	478	40	125	21
Searcy	1,327	851	624	227	1,462	238	501	40	125	22
Sebastian	1,370	941	624	317	1,366	241	537	40	125	22
Sevier	1,260	724	624	100	1,598	254	455	40	125	20
Sharp	1,260	724	624	100	1,598	233	455	40	125	20
Stone	1,294	791	624	167	1,526	236	478	40	125	21
Union	1,343	889	624	265	1,422	281	513	40	125	22
Van Buren	1,288	776	624	152	1,542	235	473	40	125	21
Washington	1,527	1,249	600	400	1,038	251	657	40	120	25
White	1,282	769	624	145	1,550	235	469	40	125	21
Woodruff	1,274	746	624	122	1,574	234	464	40	125	21
Yell	1,338	874	624	250	1,438	196	507	40	125	22

*Note: Sales taxes include county sales taxes.

Table A-7: Federal & State Taxes, and Tax Credits for Two Adults & One Child

	FEDERAL TAXES		FEDERAL TAX CREDITS			STATE TAXES		STATE TAX CREDITS		
	Payroll	Income	Child Care	Child Tax	EITC	Sales*	Income	Personal Credit	Child Care	Working
Arkansas	1,538	739	576	163	1,014	358	549	60	115	25
Ashley	1,482	626	600	26	1,134	418	501	60	120	24
Baxter	1,556	769	576	193	982	360	561	60	115	25
Benton	1,723	1,099	552	400	631	371	693	60	110	28
Boone	1,517	694	600	94	1,062	357	531	60	120	25
Bradley	1,516	694	600	94	1,062	357	531	60	120	25
Calhoun	1,511	679	600	79	1,078	420	525	60	120	24
Carroll	1,527	716	600	116	1,038	294	537	60	120	25
Chicot	1,494	649	600	49	1,110	355	513	60	120	24
Clark	1,521	701	600	101	1,054	357	531	60	120	25
Clay	1,471	604	600	4	1,158	323	495	60	120	24
Cleburne	1,505	671	600	71	1,086	356	519	60	120	24
Cleveland	1,516	694	600	94	1,062	357	531	60	120	25
Columbia	1,516	694	600	94	1,062	389	531	60	120	25
Conway	1,536	731	576	155	1,022	358	543	60	115	25
Craighead	1,552	761	576	185	990	359	555	60	115	25
Crawford	1,568	791	576	215	958	296	567	60	115	25
Crittenden	1,731	1,114	552	400	615	421	699	60	110	28
Cross	1,471	604	600	4	1,158	354	495	60	120	24
Dallas	1,516	694	600	94	1,062	357	531	60	120	25
Desha	1,494	649	600	49	1,110	387	513	60	120	24
Drew	1,565	791	576	215	958	424	567	60	115	25
Faulkner	1,675	1,001	576	400	735	302	651	60	115	27
Franklin	1,499	656	600	56	1,102	324	513	60	120	24
Fulton	1,516	694	600	94	1,062	357	531	60	120	25

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	FEDERAL TAXES		FEDERAL TAX CREDITS			STATE TAXES		STATE TAX CREDITS		
	Payroll	Income	Child Care	Child Tax	EITC	Sales*	Income	Personal Credit	Child Care	Working
Garland	1,581	821	576	245	926	329	579	60	115	26
Grant	1,565	791	576	215	958	296	567	60	115	25
Greene	1,538	739	576	163	1,014	358	549	60	115	25
Hempstead	1,494	649	600	49	1,110	403	513	60	120	24
Hot Spring	1,505	671	600	71	1,086	356	519	60	120	24
Howard	1,471	604	600	4	1,158	385	495	60	120	24
Independence	1,494	649	600	49	1,110	403	513	60	120	24
Izard	1,494	649	600	49	1,110	292	513	60	120	24
Jackson	1,494	649	600	49	1,110	355	513	60	120	24
Jefferson	1,628	911	576	335	831	364	615	60	115	26
Johnson	1,549	754	576	178	998	359	555	60	115	25
Lafayette	1,516	694	600	94	1,062	357	531	60	120	25
Lawrence	1,494	649	600	49	1,110	387	513	60	120	24
Lee	1,516	694	600	94	1,062	357	531	60	120	25
Lincoln	1,544	746	576	170	1,006	359	549	60	115	25
Little River	1,522	701	600	101	1,054	389	531	60	120	25
Logan	1,527	716	600	116	1,038	358	537	60	120	25
Lonoke	1,675	1,001	576	400	735	368	651	60	115	27
Madison	1,581	821	576	245	926	361	579	60	115	26
Marion	1,516	694	600	94	1,062	357	531	60	120	25
Miller	1,636	926	576	350	815	365	621	60	115	26
Mississippi	1,569	799	576	223	950	393	573	60	115	25
Monroe	1,494	649	600	49	1,110	292	513	60	120	24
Montgomery	1,538	739	576	163	1,014	358	549	60	115	25
Nevada	1,505	671	600	71	1,086	356	519	60	120	24
Newton	1,545	746	576	170	1,006	359	549	60	115	25

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	FEDERAL TAXES	FEDERAL TAX CREDITS			STATE TAXES	STATE TAX CREDITS			
	Payroll	Income	Child Care	Child Tax	EITC	Sales*	Income	Personal Credit	Child Care	Working
Ouachita	1,516	694	600	94	1,062	325	531	60	120	25
Perry	1,516	694	600	94	1,062	420	531	60	120	25
Phillips	1,516	694	600	94	1,062	420	531	60	120	25
Pike	1,516	694	600	94	1,062	357	531	60	120	25
Poinsett	1,516	694	600	94	1,062	405	531	60	120	25
Polk	1,521	701	600	101	1,054	357	531	60	120	25
Pope	1,614	881	576	305	863	363	603	60	115	26
Prairie	1,516	694	600	94	1,062	357	531	60	120	25
Pulaski	1,706	1,069	552	400	663	370	681	60	110	28
Randolph	1,471	604	600	4	1,158	370	495	60	120	24
St. Francis	1,505	671	600	71	1,086	420	519	60	120	24
Saline	1,722	1,099	552	400	631	321	693	60	110	28
Scott	1,505	671	600	71	1,086	293	519	60	120	24
Searcy	1,538	739	576	163	1,014	358	549	60	115	25
Sebastian	1,581	821	576	245	926	361	579	60	115	26
Sevier	1,471	604	600	4	1,158	385	495	60	120	24
Sharp	1,471	604	600	4	1,158	354	495	60	120	24
Stone	1,505	671	600	71	1,086	356	519	60	120	24
Union	1,554	769	576	193	982	423	561	60	115	25
Van Buren	1,499	656	600	56	1,102	356	513	60	120	24
Washington	1,738	1,129	552	400	599	372	705	60	110	28
White	1,494	649	600	49	1,110	355	513	60	120	24
Woodruff	1,485	634	600	34	1,126	355	507	60	120	24
Yell	1,549	754	576	178	998	295	555	60	115	25

*Note: Sales taxes include county sales taxes.

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Table A-8: Federal & State Taxes, and Tax Credits for One Adult & Two Children

	FEDERAL TAXES		FEDERAL TAX CREDITS			STATE TAXES		STATE TAX CREDITS		
	Payroll	Income	Child Care	Child Tax	EITC	Sales*	Income	Personal Credit	Child Care	Working
Arkansas	1,740	1,256	1,104	152	1,552	327	825	60	221	28
Ashley	1,629	1,039	1,039	0	1,857	376	735	60	208	26
Baxter	1,736	1,249	1,104	145	1,563	327	819	60	221	28
Benton	1,964	1,699	1,056	643	931	342	999	60	211	32
Boone	1,680	1,144	1,144	0	1,710	323	777	60	229	27
Bradley	1,695	1,174	1,104	70	1,668	324	789	60	221	27
Calhoun	1,690	1,159	1,104	55	1,689	381	783	60	221	27
Carroll	1,717	1,219	1,104	115	1,605	268	807	60	221	28
Chicot	1,651	1,084	1,084	0	1,794	321	753	60	217	27
Clark	1,700	1,181	1,104	77	1,657	324	795	60	221	28
Clay	1,606	994	994	0	1,921	290	717	60	199	26
Cleburne	1,673	1,129	1,129	0	1,731	322	771	60	226	27
Cleveland	1,695	1,174	1,104	70	1,668	324	789	60	221	27
Columbia	1,695	1,174	1,104	70	1,668	353	789	60	221	27
Conway	1,704	1,189	1,104	85	1,647	325	795	60	221	28
Craighead	1,732	1,241	1,104	137	1,573	326	819	60	221	28
Crawford	1,756	1,294	1,104	190	1,499	270	837	60	221	28
Crittenden	1,955	1,684	1,056	628	952	387	993	60	211	32
Cross	1,606	994	994	0	1,921	318	717	60	199	26
Dallas	1,695	1,174	1,104	70	1,668	324	789	60	221	27
Desha	1,651	1,084	1,084	0	1,794	349	753	60	217	27
Drew	1,745	1,271	1,104	167	1,531	385	831	60	221	28
Faulkner	1,877	1,526	1,056	470	1,173	276	933	60	211	30
Franklin	1,662	1,106	1,106	0	1,763	293	765	60	221	27
Fulton	1,695	1,174	1,104	70	1,668	324	789	60	221	27

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	FEDERAL TAXES	FEDERAL TAX CREDITS			STATE TAXES		STATE TAX CREDITS		
	Payroll	Income	Child Care	Child Tax	EITC	Sales*	Income	Personal Credit	Child Care	Working
Garland	1,783	1,346	1,104	242	1,426	300	861	60	221	29
Grant	1,793	1,361	1,104	257	1,405	272	867	60	221	29
Greene	1,740	1,256	1,104	152	1,552	327	825	60	221	28
Hempstead	1,651	1,084	1,084	0	1,794	364	753	60	217	27
Hot Spring	1,673	1,129	1,129	0	1,731	322	771	60	226	27
Howard	1,606	994	994	0	1,921	346	717	60	199	26
Independence	1,651	1,084	1,084	0	1,794	364	753	60	217	27
Izard	1,651	1,084	1,084	0	1,794	264	753	60	217	27
Jackson	1,651	1,084	1,084	0	1,794	321	753	60	217	27
Jefferson	1,830	1,436	1,104	332	1,299	333	897	60	221	30
Johnson	1,762	1,301	1,104	197	1,489	328	843	60	221	29
Lafayette	1,695	1,174	1,104	70	1,668	324	789	60	221	27
Lawrence	1,651	1,084	1,084	0	1,794	349	753	60	217	27
Lee	1,695	1,174	1,104	70	1,668	324	789	60	221	27
Lincoln	1,746	1,271	1,104	167	1,531	327	831	60	221	28
Little River	1,701	1,181	1,104	77	1,657	353	795	60	221	28
Logan	1,717	1,219	1,104	115	1,605	325	807	60	221	28
Lonoke	1,877	1,526	1,056	470	1,173	336	933	60	211	30
Madison	1,819	1,414	1,104	310	1,331	332	885	60	221	29
Marion	1,695	1,174	1,104	70	1,668	324	789	60	221	27
Miller	1,838	1,451	1,056	395	1,278	333	903	60	211	30
Mississippi	1,771	1,324	1,104	220	1,457	358	849	60	221	29
Monroe	1,651	1,084	1,084	0	1,794	264	753	60	217	27
Montgomery	1,740	1,256	1,104	152	1,552	327	825	60	221	28
Nevada	1,673	1,129	1,129	0	1,731	322	771	60	226	27
Newton	1,753	1,286	1,104	182	1,510	328	837	60	221	28

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Continued

	FEDERAL TAXES	FEDERAL TAX CREDITS			STATE TAXES	STATE TAX CREDITS			
	Payroll	Income	Child Care	Child Tax	EITC	Sales*	Income	Personal Credit	Child Care	Working
Ouachita	1,695	1,174	1,104	70	1,668	295	789	60	221	27
Perry	1,695	1,174	1,104	70	1,668	382	789	60	221	27
Phillips	1,695	1,174	1,104	70	1,668	382	789	60	221	27
Pike	1,695	1,174	1,104	70	1,668	324	789	60	221	27
Poinsett	1,695	1,174	1,104	70	1,668	367	789	60	221	27
Polk	1,706	1,196	1,104	92	1,636	325	801	60	221	28
Pope	1,860	1,496	1,056	440	1,215	335	921	60	211	30
Prairie	1,695	1,174	1,104	70	1,668	324	789	60	221	27
Pulaski	1,939	1,646	1,056	590	1,005	340	981	60	211	31
Randolph	1,606	994	994	0	1,921	332	717	60	199	26
St. Francis	1,673	1,129	1,129	0	1,731	380	771	60	226	27
Saline	1,970	1,714	1,056	658	910	297	1,005	60	211	32
Scott	1,673	1,129	1,129	0	1,731	265	771	60	226	27
Searcy	1,740	1,256	1,104	152	1,552	327	825	60	221	28
Sebastian	1,783	1,346	1,104	242	1,426	330	861	60	221	29
Sevier	1,606	994	994	0	1,921	346	717	60	199	26
Sharp	1,606	994	994	0	1,921	318	717	60	199	26
Stone	1,673	1,129	1,129	0	1,731	322	771	60	226	27
Union	1,756	1,294	1,104	190	1,499	386	837	60	221	28
Van Buren	1,662	1,106	1,106	0	1,763	322	765	60	221	27
Washington	1,993	1,751	1,008	743	857	344	1,023	60	202	32
White	1,651	1,084	1,084	0	1,794	321	753	60	217	27
Woodruff	1,633	1,046	1,046	0	1,847	320	741	60	209	26
Yell	1,762	1,301	1,104	197	1,489	270	843	60	221	29

*Note: Sales taxes include county sales taxes.

Table A-9: Federal & State Taxes, and Tax Credits for Two Adults & Two Children

	FEDERAL TAXES		FEDERAL TAX CREDITS			STATE TAXES		STATE TAX CREDITS		
	Payroll	Income	Child Care	Child Tax	EITC	Sales*	Income	Personal Credit	Child Care	Working
Arkansas	1,951	1,136	1,056	80	973	447	867	80	211	32
Ashley	1,840	919	919	0	1,278	518	783	80	184	30
Baxter	1,947	1,129	1,056	73	983	447	867	80	211	32
Benton	2,175	1,579	960	619	352	462	1,047	80	192	35
Boone	1,891	1,024	1,024	0	1,131	443	825	80	205	31
Bradley	1,906	1,054	1,054	0	1,089	444	837	80	211	31
Calhoun	1,901	1,046	1,046	0	1,099	523	831	80	209	31
Carroll	1,928	1,099	1,056	43	1,026	367	855	80	211	31
Chicot	1,862	964	964	0	1,215	442	801	80	193	30
Clark	1,911	1,061	1,056	5	1,078	445	837	80	211	31
Clay	1,817	881	881	0	1,331	400	765	80	176	29
Cleburne	1,884	1,009	1,009	0	1,152	443	819	80	202	31
Cleveland	1,906	1,054	1,054	0	1,089	444	837	80	211	31
Columbia	1,906	1,054	1,054	0	1,089	484	837	80	211	31
Conway	1,915	1,069	1,056	13	1,068	445	843	80	211	31
Craighead	1,943	1,121	1,056	65	994	447	861	80	211	31
Crawford	1,967	1,174	1,056	118	920	369	885	80	211	32
Crittenden	2,166	1,564	960	604	373	523	1,041	80	192	35
Cross	1,817	881	881	0	1,331	439	765	80	176	29
Dallas	1,906	1,054	1,054	0	1,089	444	837	80	211	31
Desha	1,862	964	964	0	1,215	481	801	80	193	30
Drew	1,956	1,151	1,056	95	952	527	873	80	211	32
Faulkner	2,088	1,406	1,008	398	594	375	975	80	202	34
Franklin	1,873	986	986	0	1,184	403	807	80	197	30
Fulton	1,906	1,054	1,054	0	1,089	444	837	80	211	31

Continued

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	FEDERAL TAXES		FEDERAL TAX CREDITS			STATE TAXES		STATE TAX CREDITS		
	Payroll	Income	Child Care	Child Tax	EITC	Sales*	Income	Personal Credit	Child Care	Working
Garland	1,994	1,226	1,008	218	847	410	903	80	202	32
Grant	2,004	1,241	1,008	233	826	371	909	80	202	32
Greene	1,951	1,136	1,056	80	973	447	867	80	211	32
Hempstead	1,862	964	964	0	1,215	500	801	80	193	30
Hot Spring	1,884	1,009	1,009	0	1,152	443	819	80	202	31
Howard	1,817	881	881	0	1,331	478	765	80	176	29
Independence	1,862	964	964	0	1,215	500	801	80	193	30
Izard	1,862	964	964	0	1,215	363	801	80	193	30
Jackson	1,862	964	964	0	1,215	442	801	80	193	30
Jefferson	2,041	1,316	1,008	308	720	453	939	80	202	33
Johnson	1,973	1,181	1,056	125	910	449	885	80	211	32
Lafayette	1,906	1,054	1,054	0	1,089	444	837	80	211	31
Lawrence	1,862	964	964	0	1,215	481	801	80	193	30
Lee	1,906	1,054	1,054	0	1,089	444	837	80	211	31
Lincoln	1,957	1,151	1,056	95	952	448	873	80	211	32
Little River	1,912	1,061	1,056	5	1,078	484	837	80	211	31
Logan	1,928	1,099	1,056	43	1,026	446	855	80	211	31
Lonoke	2,088	1,406	1,008	398	594	457	975	80	202	34
Madison	2,030	1,294	1,008	286	752	453	933	80	202	33
Marion	1,906	1,054	1,054	0	1,089	444	837	80	211	31
Miller	2,049	1,331	1,008	323	699	454	945	80	202	33
Mississippi	1,982	1,204	1,056	148	878	489	897	80	211	32
Monroe	1,862	964	964	0	1,215	363	801	80	193	30
Montgomery	1,951	1,136	1,056	80	973	447	867	80	211	32
Nevada	1,884	1,009	1,009	0	1,152	443	819	80	202	31
Newton	1,964	1,166	1,056	110	931	448	879	80	211	32

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	FEDERAL TAXES		FEDERAL TAX CREDITS			STATE TAXES		STATE TAX CREDITS		
	Payroll	Income	Child Care	Child Tax	EITC	Sales*	Income	Personal Credit	Child Care	Working
Ouachita	1,906	1,054	1,054	0	1,089	405	837	80	211	31
Perry	1,906	1,054	1,054	0	1,089	523	837	80	211	31
Phillips	1,906	1,054	1,054	0	1,089	523	837	80	211	31
Pike	1,906	1,054	1,054	0	1,089	444	837	80	211	31
Poinsett	1,906	1,054	1,054	0	1,089	504	837	80	211	31
Polk	1,917	1,076	1,056	20	1,057	445	843	80	211	31
Pope	2,071	1,376	1,008	368	636	455	963	80	202	34
Prairie	1,906	1,054	1,054	0	1,089	444	837	80	211	31
Pulaski	2,150	1,534	960	574	415	461	1,029	80	192	35
Randolph	1,817	881	881	0	1,331	458	765	80	176	29
St. Francis	1,884	1,009	1,009	0	1,152	522	819	80	202	31
Saline	2,181	1,594	960	634	331	401	1,053	80	192	35
Scott	1,884	1,009	1,009	0	1,152	364	819	80	202	31
Searcy	1,951	1,136	1,056	80	973	447	867	80	211	32
Sebastian	1,994	1,226	1,008	218	847	450	903	80	202	32
Sevier	1,817	881	881	0	1,331	478	765	80	176	29
Sharp	1,817	881	881	0	1,331	439	765	80	176	29
Stone	1,884	1,009	1,009	0	1,152	443	819	80	202	31
Union	1,967	1,174	1,056	118	920	528	885	80	211	32
Van Buren	1,873	986	986	0	1,184	442	807	80	197	30
Washington	2,204	1,639	960	679	267	464	1,071	80	192	36
White	1,862	964	964	0	1,215	442	801	80	193	30
Woodruff	1,844	934	934	0	1,257	440	789	80	187	30
Yell	1,973	1,181	1,056	125	910	369	885	80	211	32

*Note: Sales taxes include county sales taxes.

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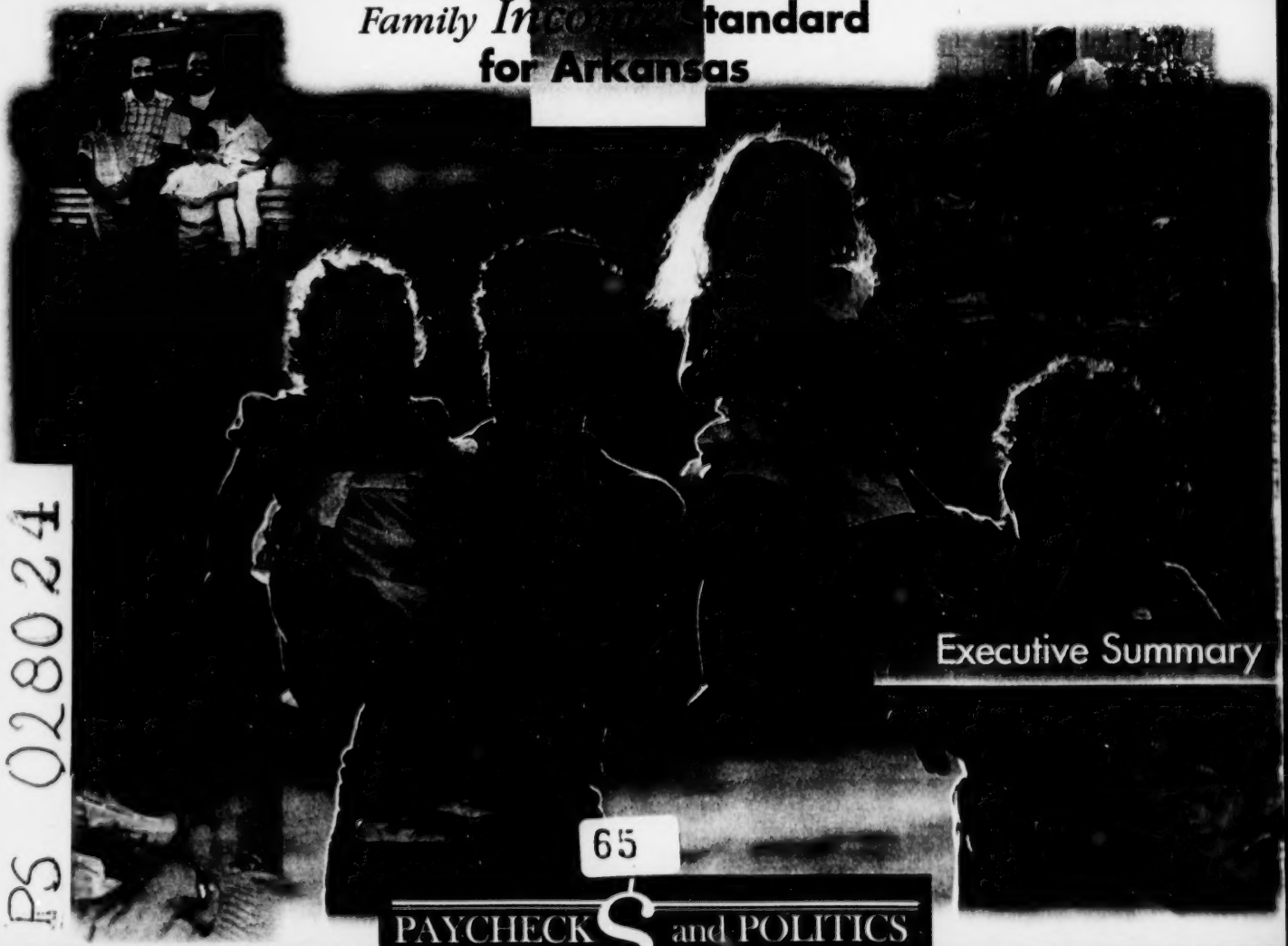
Making Day-to-Day

New *Family Income* Standard for Arkansas



Executive Summary

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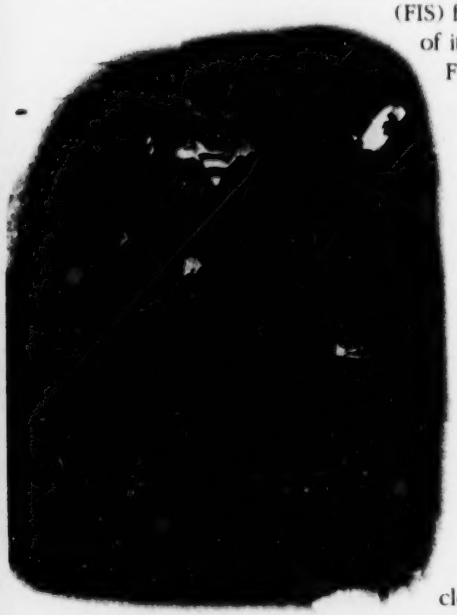
PAYCHECK $ and POLITICS

On average, the *largest expenses* facing Arkansas families are for housing, child care and food.

Introduction

What does it take for a family in Arkansas to make it day-to-day? What is the real cost-of-living standard for Arkansas families: not a national estimate, but a reliable and reasonable measure of the annual income that families require to adequately provide for their children? This brief summarizes the results of a new report, *Making it Day-to-Day: A New Family Income Standard for Arkansas*, that examines the financial needs of Arkansas families. Using very conservative economic assumptions, this report establishes an annual Family Income Standard (FIS) for the state and each of its counties. The Family Income Standard will be updated annually.



Arkansas Advocates for Children & Families developed the FIS as a reflection of their belief that for a state to thrive and grow, its children must thrive and grow. Essential to a child's success is the family's ability to adequately provide shelter, food, clothing and health care. It also means ensuring that children are cared for when their parents work, and that parents have sufficient resources to pay for work-related expenses necessary to stay employed.

The FIS is a new tool that can be used by citizens, state and local policy makers, civic organizations, coalitions, nonprofits and parents as they look to improve the economic well-being of their communities and their citizens. The 1999 Arkansas FIS reveals that families require an income close to 200 percent of the current federal poverty level to meet basic daily living needs. This confirms what many established societal institutions are beginning to acknowledge as the economic realities facing low income Arkansas families: that full-time work does not always pay enough to adequately meet the needs of families. Banks, for example, are changing lending practices so that more low-income families can buy their own homes. New state programs, such as ARKids First, are helping low income families buy health insurance for their children.

Background

The Family Income Standard is defined as the amount of money required by a working Arkansas family with children to meet its ongoing, basic daily living needs without assistance from governmental agencies or private charities. The standard includes the essential living expenses of families with children, such as (1) housing and utilities, (2) food, (3) child care, (4) health care, (5) transportation, (6) clothing, personal care, household items, and other miscellaneous items, and (7) taxes. Because the standard reflects the resources needed to support a working family with children without outside assistance, it does not include public assistance such as food stamps, Transitional Employment Assistance (TEA, formerly AFDC), or child care or housing subsidies.

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The Family Income Standard was calculated for four Arkansas family types: a single parent with one child, two parents with one child, a single parent with two children, and two parents with two children. Two major assumptions guided the analysis. In each case, the children are assumed to be between the ages of 1-5 years of age. The methodology, however, can easily be adjusted to allow for children of any age and for larger families. The second major assumption: all parents in both single-parent and two-parent families are working. A detailed discussion of the assumptions and methodology used to calculate the FIS is presented in the full report from which this brief is drawn, *Making it Day-to-Day: A New Family Income Standard for Arkansas.*[1]

The Family Income Standard

Table 1 presents estimates of the average annual living expenses faced by working Arkansas families and the FIS required by Arkansas families to be self-sufficient. The annual FIS ranges from $18,805 for a single parent with one child to $28,541 for a two-parent family with two children. The hourly wage required by Arkansas families ranges from $8.90 for a single parent with one child to $13.51 for a two-parent family with two children.

...for a state to thrive and grow, its **children** must thrive and grow.

Table 1

Standard

for the State of **Arkansas**

Annual	1 Adult & 1 Child	2 Adults & 1 Child	1 Adult & 2 Children	2 Adults & 2 Children
Living Expenses				
Housing	5,071	5,071	5,071	5,071
Child Care	3,418	3,418	6,837	6,837
Food	2,652	4,544	3,744	5,036
Transportation	2,436	2,436	2,436	2,436
Health Care	2,916	3,532	3,297	3,912
Miscellanous	1,649	1,900	2,138	2,389
Taxes[1]				
Federal Taxes				
Payroll	1,388	1,599	1,799	2,011
Income	971	859	1,376	1,256
Fed. Inc. Tax Credits[2]				
(Child Care)	(600)	(576)	(1,104)	(1,008)
(Child Tax Credit)	(371)	(283)	(272)	(248)
(EITC)	(1,334)	(887)	(1,384)	(804)
State Taxes				
Sales	242	363	331	452
Income	549	597	873	915
State Inc. Tax Credits[2]				
(Personal Credits)	(40)	(60)	(60)	(80)
(Child Care Credit)	(120)	(115)	(221)	(202)
(Working Taxpayer Credit)	(23)	(26)	(29)	(33)
Family Income Standard[3]				
Annual	18,805	22,372	24,833	28,541
Monthly	1,567	1,864	2,069	2,378
Hourly Wage	8.90	10.59	11.76	13.51

Notes

1. Taxes represent living expenses, just like child care or housing, that must be included in the Family Income Standard.
2. Federal and state tax "credits" reduce the amount of taxes owed and therefore reduce annual living expenses. Tax credits are subtracted from annual living expenses and the Family Income Standard.
3. The Family Income Standard is derived by adding living expenses, including taxes, and subtracting tax credits.

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the FIS for Arkansas is significantly *higher* than the federal poverty line.

Arkansas Families Face Significant Housing, Child Care and Food Costs

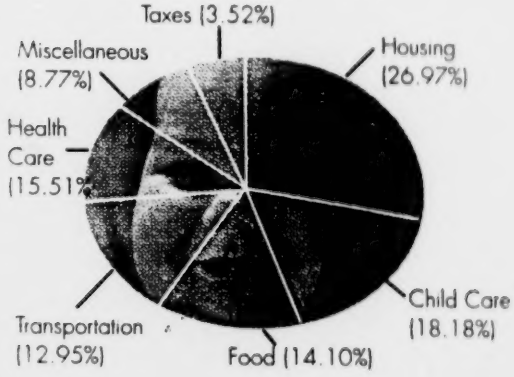
On average, the largest expenses facing working Arkansas families are for housing, child care, and food. **Housing** costs, which average $5,071 annually, comprise about 27 percent of the total budget for two-parent families with two children; 23 percent of the costs for two-parent families with one child; 20 percent of the expenses for single parents with two children; and 18 percent of the costs for two-parent families with two children.[2] **Child care** costs average $3,418 annually for one child and $6,837 for families with two children.[3] Child care costs comprise 18 percent of the costs for single-parent families with one child, while comprising nearly 28 percent of the budget for single-parent families with two children. **Food** also comprises a large share of family expenses, ranging from 14 percent of the budget for single-parent families with one child to nearly 20 percent of the expenses faced by two-parent families with two children.

The Arkansas FIS is Higher Than the Federal Poverty Line

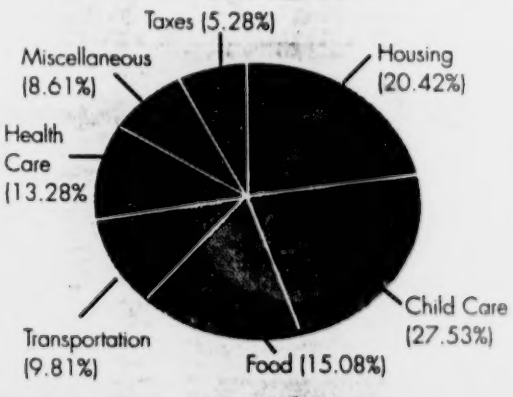
The federal poverty line has long been criticized by policymakers, economists, and advocates as being an inadequate measure of the resources required by families to meet their ongoing, basic needs. In particular, the federal poverty line has been criticized as being inadequate to meet the work-related expenses of families, especially child care and transportation.

The FIS for Arkansas is significantly higher than the current federal poverty line. The percent difference between the federal poverty line and the Arkansas FIS ranges from 67 percent for a single-parent with one child (FIS of $18,805 versus federal poverty line of $11,235) up to 89 percent for a two-parent family with one child (FIS of $24,833 versus federal poverty line of $13,133).

Single Parent, One Child



Single Parent, Two Children



Two Parents, Ch

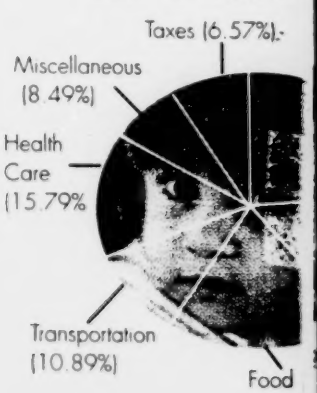


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Table 2

Federal Poverty Line *Vs.* Family Income *Standard*

Arkansas, *January 1999*

	Federal* Poverty Line	FIS	Dollar Difference	Percent Difference	Standard as % of Fed. Pov. Line
1 Adult & 1 Child	$11,235	$18,805	$7,570	67.4%	167.4%
2 Adults & 1 Child	$13,120	$22,372	$9,252	70.5%	170.5%
1 Adult & 2 Children	$13,133	$24,833	$11,700	89.1%	189.1%
2 Adults & 2 Children	$16,530	$28,541	$12,011	72.7%	172.7%

*Note: These estimates reflect the 1998 federal poverty "thresholds." They should not be confused with the federal poverty "guidelines." The "thresholds" are the original version of the federal poverty measure and are used for counting the number of Americans in poverty. The "guidelines," a simplified version of the thresholds, are used for determining eligibility for some federal programs.

The Arkansas FIS is Higher Than Other Wage "Standards."

The federal minimum wage is significantly below the FIS wage required by each of the four family types (ranging from $8.90 for a single parent with one child to $13.51 for a two-parent family with two children). As Figure 1 shows, the hourly FIS wage required by working Arkansas families is significantly higher than the current federal minimum wage of $5.15 per hour. One minimum wage job does not come close to allowing an Arkansas family to meet their basic daily living needs.

Two Parents, Two Children

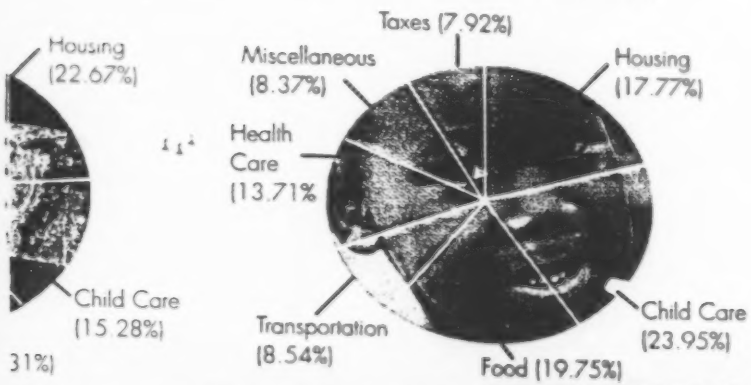

Figure 1 also shows that most Arkansas workers do not, at least individually, earn an hourly wage sufficient to meet the Family Income Standard. The latest estimate of the state median wage, for 1997, was only $8.59 per hour. A median hourly wage of $8.59 means that half of Arkansas workers earn greater than $8.59 per hour, while half earn less than $8.59 per hour. Therefore, at least half of Arkansas workers do not even earn an hourly wage high enough to support a single parent family with one child (FIS hourly wage of $8.90). The FIS hourly wage for two-parent families with two children is significantly higher than the 1997 state median wage ($13.51 versus $8.59).

At least half of Arkan do not earn en to support a sin with one child.

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Family Income *Wage*
VS. **Other Standards** by Family Type

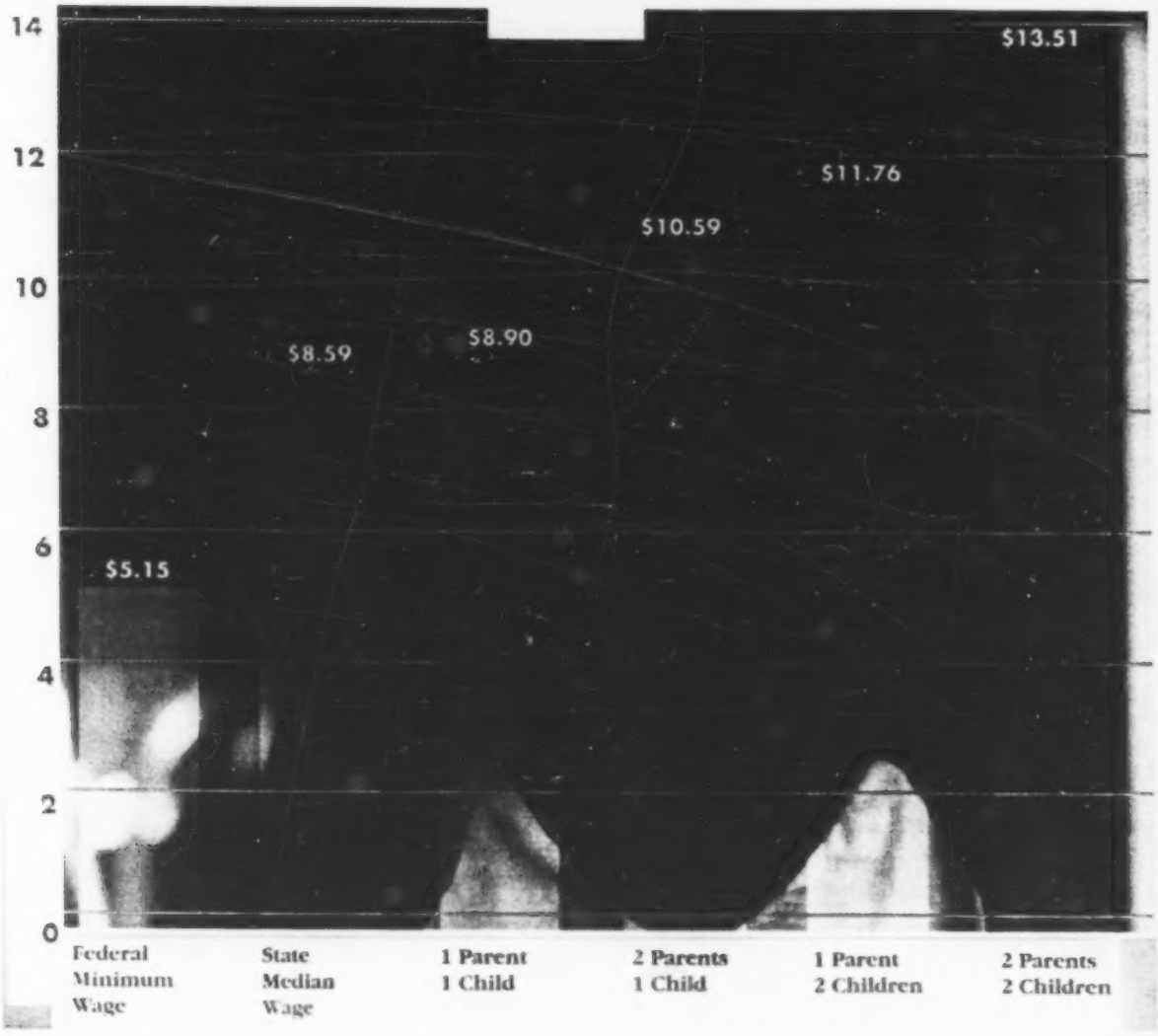

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Table 3

Annual *Standard*

January 1999

Arkansas	17,762	21,335	23,771	27,468	Lee	17,391	20,950	22,992	26,695
Ashley	16,871	20,441	21,877	25,616	Lincoln	17,870	21,429	23,884	27,581
Baxter	18,071	21,636	23,697	27,401	Little River	17,512	21,076	23,122	26,831
Benton	21,140	24,631	27,741	31,455	Logan	17,584	21,137	23,386	27,090
Boone	17,412	20,972	22,716	26,433	Lonoke	20,224	23,681	26,207	29,904
Bradley	17,391	20,950	22,992	26,695	Madison	18,498	22,056	25,173	28,886
Calhoun	17,341	20,921	22,951	26,688	Marion	17,391	20,950	22,992	26,695
Carroll	17,542	21,074	23,328	27,011	Miller	19,483	22,990	25,516	29,214
Chicot	17,015	20,571	22,206	25,824	Mississippi	18,322	21,898	24,361	28,076
Clark	17,476	21,030	23,079	26,777	Monroe	16,973	20,508	22,149	25,846
Clay	16,619	20,159	21,405	25,122	Montgomery	17,762	21,335	23,771	27,468
Cleburne	17,205	20,758	22,592	26,309	Nevada	17,205	20,758	22,592	26,309
Cleveland	17,391	20,950	22,992	26,695	Newton	17,878	21,437	24,014	27,710
Columbia	17,412	20,982	23,021	26,735	Ouachita	17,370	20,918	22,963	26,656
Conway	17,734	21,292	23,146	26,850	Perry	17,433	21,014	23,050	26,774
Craighead	18,006	21,565	23,630	27,328	Phillips	17,433	21,014	23,050	26,774
Crawford	18,233	21,770	24,015	27,696	Pike	17,391	20,950	22,992	26,695
Crittenden	21,316	24,821	27,631	31,361	Poinsett	17,423	20,998	23,035	26,754
Cross	16,840	20,191	21,434	25,161	Polk	17,484	21,037	23,192	26,890
Dallas	17,391	20,950	22,992	26,695	Pope	19,058	22,610	25,911	29,608
Desha	17,056	20,603	22,234	25,963	Prairie	17,391	20,950	22,992	26,695
Drew	18,278	21,859	23,928	27,646	Pulaski	20,811	24,318	27,302	31,025
Faulkner	20,180	23,615	26,148	29,825	Randolph	16,650	20,207	21,448	25,181
Franklin	17,085	20,626	22,373	26,074	St. Francis	17,247	20,821	22,649	26,388
Fulton	17,391	20,950	22,992	26,695	Saline	21,088	24,563	27,814	31,511
Garland	18,487	22,034	24,517	28,214	Scott	17,163	20,695	22,535	26,250
Grant	18,170	21,722	24,054	28,540	Searcy	17,762	21,335	23,771	27,468
Greene	17,762	21,335	23,771	27,468	Sebastian	18,508	22,066	24,546	28,254
Hempstead	17,046	20,618	22,249	25,983	Sevier	16,661	20,222	21,462	25,200
Hot Spring	17,205	20,758	22,592	26,309	Sharp	16,640	20,191	21,434	25,161
Howard	16,661	20,222	21,462	25,200	Stone	17,205	20,758	22,592	26,309
Independence	17,046	20,618	22,249	25,983	Union	18,085	21,671	24,123	27,847
Izard	16,973	20,508	22,149	25,846	Van Buren	17,105	20,658	22,401	26,114
Jackson	17,015	20,571	22,206	25,924	Washington	21,417	24,909	28,257	31,971
Jefferson	19,332	22,854	25,365	29,072	White	17,015	20,571	22,206	25,924
Johnson	17,949	21,511	24,165	27,865	Woodruff	16,860	20,423	21,898	25,625
Lafayette	17,391	20,950	22,992	26,695	Yell	17,907	21,450	24,107	27,783
Lawrence	17,036	20,603	22,234	25,963					

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County-Level Family Income Standards

The cost of supporting a family with children can, in some cases, vary significantly from county to county.

Differences in the FIS between Arkansas counties are the result of differences in the four cost components for which county-level data is available: housing costs, child care costs, taxes, and miscellaneous costs (including clothing, personal care, and household items). An annual estimate of the FIS for each county is presented in Table 3 (monthly and hourly estimates for each county are available in the full report, *Making it Day-to-Day: A New Family Income Standard for Arkansas*).

For example:

- Single-parent families with one child. The annual FIS ranges from a low of $16,619 in Clay County to a high of $21,417 in Washington County.
- Two-parent families with one child. The FIS ranges from a low of $20,159 in Clay County to a high of $24,909 in Washington County.
- Single-parent families with two children. The FIS ranges from a low of $21,405 in Clay County to $28,257 in Washington County.
- Two-parent families with two children. The FIS ranges from a low of $25,122 in Clay County to a high of $31,971 in Washington County.

Implications for Public Policy

For the first time, good estimates of how much it costs families to meet their basic living expenses, provide an adequate standard of living for their children, and be economically self-sufficient without public assistance are now available. Although a conservative methodology was used to estimate the cost of a new Family Income Standard, our estimates suggest a standard that is significantly higher than the federal poverty line currently used to gauge the well-being of Arkansas families. Moreover, when comparing the hourly wage standard to the Arkansas median hourly wage, it is clear that the number of Arkansas families unable to meet all of their essential living expenses (including work-related expenses) without public assistance far exceeds the number of families previously defined as poor under the federal poverty line.

Most of these families are working. However, full-time employment, especially at a level equal to or even slightly higher than the federal minimum wage, does not result in an income that will enable families to be self-sufficient. The state may want to consider public policies targeted to a larger population of working families who, while they may not meet the definition of poor as defined by the federal poverty line, also do not have the resources to provide an adequate standard of living for their children. Using the FIS, the state could reexamine its current support system to better help all families who are working but still poor.

The standard has important implications for the state's workforce and economic development policies. Many of the state's citizens clearly do not earn a wage high enough to be self-sufficient. Using the new FIS, state economic development policies should be redesigned to target jobs

The *standard* has important implications for the state's workforce.

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The cost of *supporting* a family can vary significantly from county to county.

paying the FIS hourly wage. Similarly, the state should consider workforce development policies that target education and training to develop skills for occupations paying self-sufficiency wages.

The Family Income Standard also has implications for welfare reform. The standard clearly suggest that as families move off welfare into full-time jobs paying minimum wages, they are unlikely to be able to provide an adequate standard of living for their families in the short term. They will likely require supportive services for several years to help bridge the gap between their incomes and what it costs to meet the FIS. Moreover, given how high the standard is relative to either the federal poverty line or the federal minimum wage, many families leaving welfare are likely to need supportive services for at least several years (probably longer) before they earn wages sufficient to meet the FIS.

There are many possible public policy uses for a new Arkansas FIS. At a minimum, the standard should be used by policymakers to realistically assess changes in public assistance and other services that impact the major cost components of the Family Income Standard, including child care, housing, transportation, food, taxes, health care, and other essential living expenses. Using the county-level estimates, eligibility criteria and benefit levels for public assistance programs and services could be revised to better reflect regional cost of living differences and help disadvantaged communities. The standard could be used to redesign state aid programs to local governments so that resources are better targeted to more disadvantaged areas facing larger differentials between wages and cost of living standards. Other applications for this data include:

- revising economic policies that indirectly impact the poor, such as state tax policies;
- bank lending practices to help poor applicants and communities;
- economic development policies concerning business recruitment; business relocation decisions and;
- prices charged for goods and services by local retailers.

This new Family Income Standard should be informative for employers whose workforce is composed of young parents. Investing in employee benefits such as subsidies for childcare, transit service and/or health care benefits may reduce absenteeism and turnover while reinforcing employee loyalty and productivity. Local government leaders could utilize the standard to determine the types of housing or expansion of services that might assist their population the best. Finally, future tax policies under consideration by state and local policymakers should be evaluated for their realistic impact on low-income families. As communities grow, attract new industries, and support existing businesses, an increased awareness of the direct impact and required support for local citizens will be more readily available.

Notes:
1. For a discussion of the methodology used here, see the full report, *Making it Day-to-Day: A New Family Income Standard for Arkansas*, Arkansas Advocates for Children & Families, August 1999. The methodology used here and in the full report is based on a modified version of that developed by Wider Opportunities for Women. For a detailed discussion of their methodology, see Wider Opportunities for Women, Six Strategies for Self-Sufficiency: Great Ideas for Using State Policies to Get Families out of Poverty, 1998, Washington, DC.
2. Housing costs are based on HUD Fair Market Rents, which estimate the average costs of housing and utilities at the 40 percentile of the local market, a level at which HUD has determined as meeting a minimum decent standard of adequacy.
3. Child care costs are based on the local market survey, conducted annually by the Division of Child Care and Early Childhood Education, Arkansas Department of Human Services. Estimates are for purchasing child care at the 75 percentile of local market, a level which would exclude all but the most expensive 25 percent of local providers.

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